

Making money work

IOOF



Our mission

IOOF is a member focused financial services group providing competitive products and related services that enable members to achieve financial security and peace of mind.

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ACN 087 649 625

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1998/99 Achievements

It has been a milestone year for IOOF with great progress and major strategic changes including significant increases in sales and group earnings, further strengthening of our reserves, and the announcement of a major alliance with Bendigo Bank. We have increased our financial planning services and continued to expand our funds management business providing greater benefits to our members.

Our Future

IOOF management and staff are committed to providing our members with a comprehensive range of competitive financial products and at the same time meeting their needs with the best possible service. We aim to continue to develop as a leading financial services organisation in a community focused way. The combination of an appropriate product range, excellent investment returns and care and respect for our members will continue to be the key to our success.

What we do

Funds Management

- Unit Trusts
- Investment Bonds
- Superannuation
- Master Fund
- Retirement Income Options
- Allocated Pensions
- Rollovers

Financial Planning

- Portfolio planning
- Investment Advice
- Retirement income, pension advice

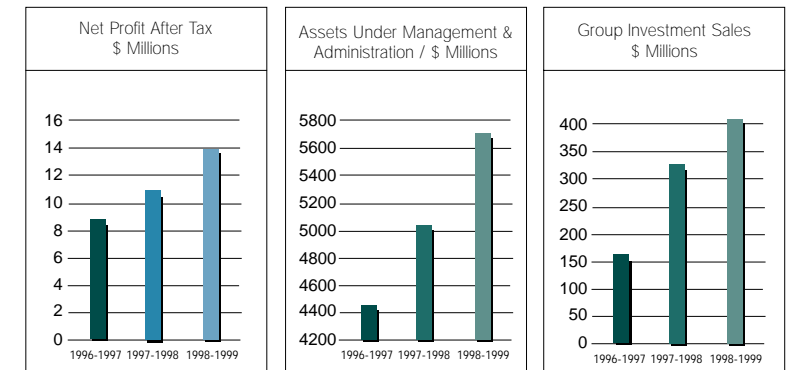
Health Services

- Gold Range - 100% cover in IOOF agreed private hospitals
- Ancillary Range - options include, ancillary only, dental only and dental ancillary. Optional extra, alternative therapies.
- Accident Range - two options covering wide range of accident related services.
- Easy Choice - combined hospital and ancillary cover, three options to choose from.

Trustee Services

- Executive assistance to private will executors and estate administration
- Power of Attorney services including portfolio management of shares and investments
- Cash Management Common Fund
- Equity Management Common Fund
- Corporate Trustee services

Group Highlights 1998/99



- Group earnings after tax rose from \$10.7 million to \$14.0 million
- Investment product sales rose from \$331.5 million to \$412.1 million
- Sale of the Building Society and Retirement Villages significantly strengthened reserves from \$62.4 million to \$83.0 million
- Returns to members were very competitive, with some products rated among the top ten in their respective categories
- A new financial planning joint venture – Bendigo Investment Services Ltd – was established in conjunction with Bendigo Bank
- IOOF was ranked as the fourth fastest growing Victorian company in 1998 by IBIS Business Information Pty Ltd

Chairman's Report

The financial year to 30 June 1999 was a successful period for IOOF with each of our activities contributing to Group earnings which increased to \$14.0m from \$10.7m in 1997/98.



New funds invested with the Group showed very pleasing growth but were partially offset by the return of funds successfully recovered on behalf of OST members, together with the maturing of a number of Friendly Society Bonds. The Group Balance Sheet is healthy and our reserving requirements are more than adequate.

During the year, the Board introduced a number of changes in the strategy of the Group to position IOOF as a significant funds manager in the years ahead. Following an earlier extensive review of the Group's activities, our focus for the future is clearly towards increasing our funds management business - an activity which is widely perceived to be a growth opportunity for IOOF.

In the 1997/98 report, we advised that we were seeking interest in the divestment of our Retirement Villages. This divestment has now proceeded with the sale of the Retirement Villages to Prime Life Corporation Ltd. In the process serious consideration was given to ensuring that this transfer would, in benefiting the Group, not disadvantage our residents.

Our renewed focus has also resulted in the sale of the IOOF Building Society to the Bendigo Bank Ltd on favourable terms to the Group. The related establishment of a joint venture with the Bank for the delivery of investment products through their various distribution outlets will, we believe, provide significant benefits both to Bendigo Bank and to the IOOF Group.

These changes not only reflect our concentration on the core activities of the Group but also recognise the strain which would be placed upon the Group resources to continue to operate in a range of highly competitive capital intensive activities. Each of the activities from which we have now withdrawn our interest are major businesses in their own right and we have concluded that we would be unable to continue to provide the level of management and financial support required in those businesses. In particular, we believe the residents of our Retirement Villages will be better served by an organisation whose interests are principally directed towards providing facilities for their welfare.

Since the end of the financial year, we have established a joint venture - Perennial Investment Partners - in conjunction with a number of well-known and highly qualified wholesale funds managers, led by Mr Mike Crivelli, a former senior executive and Director of BT Funds Management and Mr Ian Macoun, a former Managing Director of Westpac Investment Management. This joint venture will develop both our wholesale and retail funds management activities and is an exciting opportunity which demonstrates our commitment to success.

IOOF has been active and successful in funds management for many years, gaining considerable expertise. Our experience and knowledge will be concentrated on ensuring the success of this new and carefully structured joint venture which will include senior executives from within the IOOF Group. We are confident of the success of this development, to which the Board has devoted a great deal of attention in establishing short and long term goals and objectives.

The structure and nature of the organisation will require our continuing attention to quality of management, strategic direction and technological advancements. The role and responsibilities of the Board are also increasing greatly with a move into new directions, the establishment of significant alliances and associations and the importance of good Governance. This has been recognised by our close attention to the required qualifications and contributions of our Board, particularly in new appointments. A successful organisation requires thoughtful guidance from the Directors and sound management from the executives and staff in the implementation of our plans. The need to attract qualified people into each of these roles is well understood by the Board.

We were also able to complete our commitment to the final group of OST investors in the return of their invested funds. This goal, initially undertaken by IOOF in 1990, has been a long and arduous process for the Group to ensure that the losses which were so evident at the time, did not eventuate. The opportunity of now being able to focus on expansion rather than recovery is reflected in our continuation of the progress reported last year. I have every confidence that the Board and Management are positioning the Group for a strong and successful period of growth which will be to the benefit of our members.

We are often asked of our plans for demutualisation of the Group. This matter is the subject of regular and serious analysis by the Board. Whilst we are satisfied that our current mutual structure is presently more appropriate, we will continue to monitor developments and opportunities to maximise the strength of the Group and to create wealth improvement opportunities for our members.

On behalf of the Board, I would like to again express my appreciation to our members for their support during the year and to sincerely thank our Management and Staff for another year of hard work and loyalty which maintained our improvement and growth.

Lindsay Bytheway, Chairman

Managing Director's Report

The past year was one of significant progress and strategic change for IOOF, with the sale of the Building Society and Retirement Villages, the strengthening of our reserves and the establishment of a new financial joint venture with Bendigo Bank. We continued to grow our funds management business and to increase our financial planning services to members and the general community.

Producing solid investment returns

Top Performing Funds (to 30 June 1999)

| | 1 Year % | 3 Years % |
|--|----------|-----------|
| Flexi Trust | | |
| Australian Equities Fund | 18.44 | 15.42 |
| Balanced Fund | 9.47 | 12.92 |
| Supersaver Options (Tax Paid Returns) | | |
| Balanced Fund | 5.61 | 7.15 |
| Australian Equities Fund | 12.21 | 11.06 |

Group Performance

Group earnings rose from \$10.7 million in 1997/98 to \$14.0 million in 1998/99. IOOF distributed \$77 million in bonuses, income distribution, superannuation credits and unit price increases.

The balance sheet was strengthened by the sale of two businesses and we comfortably met all regulatory reserving requirements. Member reserves increased from \$62.4 to \$83.0 million. All businesses traded strongly.

Consolidating our business

To enable us to focus our efforts more clearly on our core business of funds management, it was agreed to sell the Building Society to Bendigo Bank Ltd, and at the same time, the sale of the Retirement Villages was completed.

Proceeds from the sale have been invested to further build our core business strengths in funds management and financial planning services for the benefit of members.

Introducing a new financial alliance with Bendigo Bank

As part of the sale of the Building Society, IOOF has taken a significant shareholding in Bendigo Bank. We are now able to offer access to a wider range of banking services at 85 Bendigo Bank branches throughout Victoria. In addition, we formed a new joint venture company with Bendigo Bank to deliver financial planning and investment products to Bendigo clients and the clients of the new community banks.

Bendigo Bank is community focused and has a reputation for caring for its clients. We are delighted to be associated with an organisation that shares our community philosophy and commitment to customer service. It is planned that IOOF and Bendigo Bank will look at other areas of cooperation in the future.

Reporting a record sales year

Investment product sales rose from \$331.5 million in 1997/98 to \$412.1 million for the year ended 30th June, 1999.

We achieved double digit growth, contained costs and gained market share. IOOF Funds Management continues to rank in the top 20 largest retail funds managers in Australia. The growth of the Group is a direct result of new sales of investment products due to outstanding investment performance across all IOOF product ranges.

We are proud to announce that the performance of our products was also acknowledged by our industry:

- IOOF was rated No.1 manager in fixed interest (year ended 30 June 1999)
- our Superannuation Master Fund was named in the KPMG top ten Master Funds in Australia
- our Allocated Pension fund was voted No. 2 in its category by Money Management magazine
- our Flexi Trust International Share Fund was listed by Age Money as the top performer in its category
- our Wholesale Fixed Interest Trust was rated as one of the top performers in a survey conducted by InTech Asset Consulting Pty Ltd.

Our Australian Equities and Balanced products were similarly highly rated. One of the key reasons for IOOF's sales success in a period when traditional investment products are falling from favour, has been our ability to meet the demand for new products and investment options such as the IOOF Master Fund and the IOOF Wholesale Trust range.

IOOF's strong performance in 1998/99 was a direct result of the effort and commitment of both management and staff. The appointment of a number of new senior managers also increased the level of management skills and experience within the Company.

Health Services

IOOF Health Services recorded a 1998/99 surplus of \$297,988 in an increasingly competitive and changing market. Reserves have reached 3.2 calendar months, positioning the fund well for upcoming Government changes including Lifetime Cover. From 1 July 2000 a 2% loading will be added to hospital insurance cover for every year a person over 30 years of age decides not to join a fund, capping at 70%.

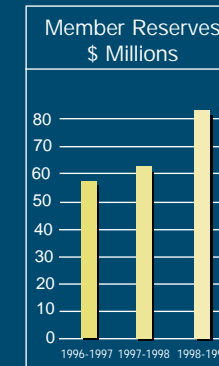
During the 1998/99 financial year we implemented Year 2000 compliant computer software providing broader customer service functions, extended our cover options under the Easy Choice range and gave our brochures a fresh new look.

New Distribution Channels

Distribution is a critical factor in growing sales. Over the past year, IOOF has further developed and expanded relationships with the very important independent financial adviser market. We have increased adviser numbers at our wholly owned subsidiary, Winchcombe Carson, from 59 to 76 and, importantly, established a joint venture with Bendigo Bank to provide financial planning services to Bendigo's 500,000 customers, IOOF members and the broader community. During the new financial year ending June 2000, we will continue to pursue expanded distribution opportunities through alliances and acquisitions.



making money work with
focused direction



Increasing real growth in member reserves

Adequate reserves are vital for our future. An important achievement during the year has been a sustained growth in member reserves.

Current reserves of \$83.0m place IOOF in a strong position to take advantage of future investment opportunities.

The increased support of independent financial advisers throughout Australia, along with the positive reviews given to IOOF by the Research Houses, has further contributed to our substantial sales growth.

Supersaver

IOOF Supersaver is the largest insurance bond in Australia. In times of low inflation and in a low interest rate environment, returns will inevitably be lower. This year our Supersaver Capital Guaranteed fund 3.2% tax paid rate was among the highest in the market.

For those seeking a higher return and who have a longer investment horizon, we have recommended switching to the higher performing Supersaver options of Balanced and Australian Equities which can be done without incurring switching fees. A large number of members have accepted this advice and adjusted their investment options accordingly.

Supersaver is a unique investment that grows in value without increasing the investor's personal level of taxable income and it continues to provide some useful taxation advantages. Pensioners eligibility for the valuable Commonwealth Seniors Health Card is also assisted when personal taxable income is controlled by a Supersaver investment.

Welcoming new regulatory changes

As of 1 July 1999, IOOF became a public company limited by shares and guarantee under the Corporations Law regulated by the Australian Securities and Investments Commission (ASIC), and regulated by Australian Prudential Regulatory Authority (APRA) under the Life Insurance Act 1995. These are the same regulators that oversee the activities of banks and insurance companies. We congratulate the Federal Government on its drive to bring the regulation of all financial institutions under the umbrella of a national regulatory scheme.

Tax Reform

IOOF management have been very closely and directly involved with Government in its development of the new tax reform rules.

The new goods and services tax (GST), which becomes effective on 1 July 2000, will not be charged on any current IOOF financial investments. Even the indirect flow-on of GST on IOOF's own cost structure is being minimised through special measures that will help reduce pressures to increase fees charged on our investment products.

The new business tax rules, announced by the Government on 21 September 1999, are proposed to bring sweeping changes to the taxing of all business and investment products.

While measures announced have yet to be passed by Parliament and become law, the outcome will be reduced tax rates and greater tax credits for many IOOF investors. In particular, the opportunity exists for investors to take advantage of the special investor tax exemption of insurance bonds purchased before 1 July 2001.

Member Services

In June 1999 we successfully re-launched IOOF as a leading, caring financial services institution through an intensive Victorian TV, radio and media campaign. As part of our member services, we also introduced a new member magazine and a loyalty program offering additional benefits to our IOOF members.

During the year, IOOF committed substantial resources to prepare computer systems for the change to Year 2000. Our rigorous development program will enable a smooth transition and peace of mind.

IOOF will continue to make substantial investments in technology to ensure the most cost efficient services are provided to members. Further investments are planned for our Call Centre which is the focal point of member contact with our organisation.

Planning for the Future

With the divestment of several businesses over the last year, IOOF is now more focused with a clear strategy and dynamic forward direction. We have improved our financial performance and accumulated the necessary reserves to support our business growth. IOOF is well placed to build on its strengths and take advantage of opportunities that will present themselves in the future. Our aim is to continue to grow as a caring and respected provider of financial services to our members and to the community.

Robert J Turner, Managing Director

Our Members

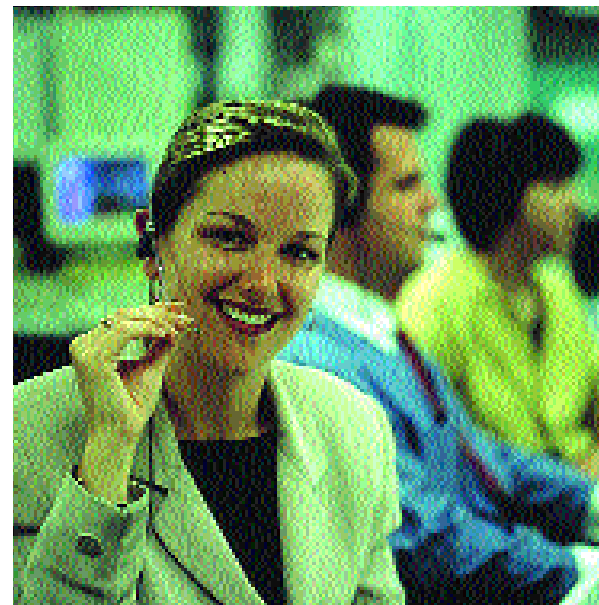
IOOF is a customer-focused organisation that offers members a real alternative to the large banks. We are a mutual organisation which means that our members are also our owners. All our profits are distributed or held for our members' benefit.

making money work with
benefits to members

During 1998/99, IOOF also focused on further developing and enhancing core business strengths in funds management and financial planning services for the benefit of members. With over 80% of our members being investors, this strategy reflects our member-focused orientation.

Our extensive product range was strengthened by the introduction of some 'nil' entry fee retail trusts and competitive wholesale trusts. The year also saw an increasing number of financial planners now recognising (and using) IOOF Funds Management as a premier fund manager. Many members also continued to access the services of Winchcombe Carson, the financial planning company owned by IOOF.

Health insurance is something we have been doing well for many years and this year we further enhanced our range of products. We are continually seeking ways to provide improved products and services and will be implementing plans to expand our health services over the next year.



In September 1998, we provided maturing bond members with a kit that explained how they could increase their investment returns by switching to other IOOF investment options available to them. Our qualified Call Centre staff were available to assist where necessary and response from members was very positive.

Later in the year, a member relationship program was launched which provided members with InForm, a new magazine. The magazine was established to keep members up to date on the many benefits of IOOF membership and the new initiatives introduced.

Our new Advantage Reward Program was introduced in June. The program rewards members with a whole range of benefits and special offers and has proved popular across our membership base.

Throughout the year we held a very successful series of seminars and tours hosted by the former 'Seekers' member, Mr Athol Guy.

Our new IOOF website, www.ioof.com.au, went live to our membership in April. The user-friendly site details the wide range of IOOF financial products and services available and provides helpful hints for investors.

Our vision for the future is to grow while keeping in mind our strong community focus. The more successful IOOF is, the more members will benefit. We continue to be committed to providing our members and their advisers with the range of products, services and returns they expect from a leading financial institution.

directors

directors



Mr Lindsay A Bytheway – Chairman
A.A.U.Q., F.C.P.A., F.A.I.C.D.

Chairman of the Group Board since 1995 and a non-executive Director of IOOF since 1992. Mr Bytheway is currently Chairman of IOOF Investment Management Ltd and IOOF Community Villages Friendly Society Ltd. He is also a Director of Perennial Investment Partners Ltd and a member of the IOOF Remuneration & Nomination Committee. He recently retired from his long-standing Directorship of Mayne Nickless Limited and is a Fellow of the Australian Institute of Company Directors.



Dr Roger Sexton – Deputy Chairman
B. Econ. (Hons), M.Econ. Ph.D (Econ), F.A.I.M., F.A.I.C.D.

A non-executive Director, Dr Sexton is Chairman of IOOF Trustees Limited and a Director of Perennial Investment Partners Ltd. He is also Chairman of Adelaide investment bank Beston Pacific Corporation Limited, IOOF Friendly Society (SA) and the SA Motor Accident Commission; Deputy Chairman of Korvest Limited, Director of the Astre Automotive Group and Director of IBIS Business Information Pty Ltd. He is Chairman of the Board of Governors of the Flinders University Foundation Inc. Dr Sexton has 20 years experience in senior management and is a specialist in the areas of corporate reconstruction, mergers and acquisitions, and privatisation.



Mr Michael U.R. Crivelli
B.Ec. A.S.A., A.S.I.A.

A non-executive director of IOOF since 1997, and an executive director since August 1999, Mr Crivelli is currently Chairman of Perennial Investment Partners Ltd. Mr Crivelli is also director of State Wide Roads Ltd, State Super Financial Services Ltd, TIF Nominees Pty Ltd and is Managing Director of Pacific Road Funds Management Asia Pty Ltd. Mr Crivelli has previously been a director of BT Funds Management Ltd, BT Global Ltd, BT Australia Equity Ltd, BT Resources Ltd and Australian Investment Managers' Association (now part of IFSA). Mr Crivelli has over 30 years experience in the investment banking and funds management industries.



Mr David E Jury
F.A.I.C.D. (Dip)

A non-executive Director of IOOF and its subsidiaries since 1974. Mr Jury was Chairman of the IOOF Group Board in 1979, 1985 and from 1991 to 1994. He was also Chairman of Community Benefits Association of Queensland Friendly Society and has served on many of the Group Subsidiary Boards. He is currently a member of the Group's Audit and Governance Committees.

Appointed a Lodge Secretary with IOOF in 1960, Mr Jury had more than 20 years experience in the banking sector before entering the small business retail area. He is a fellow of the Australian Institute of Company Directors.



Mr Michael Parkinson
B.A. (Hons), M.B.A. (Stanford)

A non-executive Director and member of the Group Governance, Remuneration & Nomination and IIML Compliance Committees. Mr Parkinson spent 12 years (commencing in 1971), in senior management roles in merchant banking, including Managing Director of Grindlays Australia for five years. Previous experience also includes several years with Unilever Ltd in the UK. For the past 16 years he has run his own Corporate Advisory business specialising in international investments. Awarded a CBE in 1990, he is Past-Federal Chairman of the Australia-British Chamber of Commerce and Chairman of the National Fund Raising Committee of the Cambridge Australia Trust.



Dr Nora L Scheinkestel
LL.B. (Hons), Ph.D.

Dr Scheinkestel is a non-executive Director and Chairman of the Audit Committee. She holds directorships with North Ltd, Medical Benefits Fund of Australia, City West Water Ltd, Docklands Authority, and NLS Consultancy Pty Ltd. A lawyer by profession, Dr Scheinkestel's background is as a senior banking executive in international and project financing. She is the author of "Rethinking Project Finance: Allocating and Mitigating Risk in Australasian Projects" (1998). Dr Scheinkestel has had a major involvement in utility industry reform and private infrastructure development. Dr Scheinkestel is an Associate Professor at the Melbourne Business School where she lectures in project financing and business law in the MBA programme.



Mr Raymond J Schoer
B. Admin, F.C.P.A., F.A.I.C.D., F.C.I.S.

A non-executive Director of the IOOF Group Board since 1994. Mr Schoer is Chairman of the Group's Governance Committee, a member of the Group's Audit Committee and a member of the IIML Compliance Committee. He was the international Chairman of the Steering Committee and Consultative Committee of the International Organisation of Securities Commissions from 1993 to 1996.

A business consultant and principal of Schoer Consulting Pty Ltd, Mr Schoer received the BRW-Alcatel Australian Business Leader of the Year award in 1991 for outstanding achievements in accounting.



Mr Robert J Turner – Managing Director
B.Com., F.A.I.C.D.

An executive Director, appointed Group Managing Director in August 1996. Mr Turner joined the IOOF Group Board in April 1996 and is a Director of Perennial Investment Partners Ltd. He has a strong finance and marketing background and 30 years experience in corporate management, both in Australia and overseas. Previous Directorships include Managing Director of SICPA Australia, Chairman of Emhart Australia and Director of Campbells Soups Australia.

Newly appointed

Ms Kate Spargo
LL.B. (Hons), B.A., F.A.I.C.D.

A non-executive Director of the IOOF Group since August 1999. Kate is a Company Director and business consultant specialising in corporate strategy. She has been Chairman of HomeStart Finance Inc since 1995 and is a member of the University of Adelaide Council.

executive team



Adrian Hondros: General Manager – Winchcombe Carson
B. Comm., ASA, Dip. AII, ASIA

Adrian is responsible for the operations of Winchcombe Carson Financial Planning who provide personalised financial advice through 76 advisors across Australia and Bendigo Investment Services Financial Planning who have 15 advisors servicing 20 Bendigo Bank branches across Victoria. He has 13 years experience in servicing, managing and growing financial planning and financial services organisations.



Trish Lowe: Manager – Health Services
Dip. Bus.

Trish is responsible for the administration and operations of the Health Services Division, including product development, statutory compliance, representing IOOF with the health care industry and fund operations strategies. Trish has 20 years experience in the health industry, including ten with IOOF.



Kenneth Taplin: General Manager – IOOF Trustees
Dip. PR, Dip. Bus. Plan., AFPA

Kenneth is responsible for IOOF Trustees in both Corporate Business covering Retirement Villages, Prescribed Interest and Debt Securitisation and Personal Business covering Wills and Estates and Common Fund Investments, with a main focus on strategy and distribution management. Kenneth has 13 years experience in the funds management and financial services industry.



Stephen Ryan: General Manager – Finance
B. Comm., ACA, MAICD

Stephen is responsible for Group accounting and finance, financial compliance and reporting, information technology, member funds accounting, taxation and internal audit. His duties also include liaising with the Board Audit and Group Governance Committees, regulators, auditors and subsidiary company Boards. Stephen has over 20 years experience in the finance accounting area.



Sue Crook: General Counsel/Group Secretary
LLB, BA, MBA, FCIS, FSIA

Sue is responsible for the legal, risk, compliance and company secretarial functions across the Group. She works closely with the Board, Board sub-committees and Group entities. Sue's duties include responsibility for ensuring that all legislative compliance requirements throughout the Group are met; reporting on compliance to both the Group Governance Committee and the IOOF Investment Management Ltd Compliance Committee; and liaising with regulators and auditors in relation to this. Sue has more than 20 years experience in financial services and corporate governance.



Peter Rothel: General Manager – Marketing
B. Bus – Mktg., AFAMI

Peter is responsible for the strategic development of IOOF's Group marketing, including positioning, corporate and product branding, media and external stakeholder communications, and identification of marketing opportunities amongst members, financial advisors, potential investors and the wider community. Peter has over 15 years Australian and International experience in the financial services and consumer goods marketing.



Peter Wallbridge: General Manager – Human Resources
B.Ed., Grad. Dip. Bus. (HR)

Peter is responsible for both the Human Resources and Property & Services functions across the group. He works closely with the Group Managing Director and Executive Team in the development and delivery of strategy and programmes that impact the people and culture of the IOOF Group. Peter also leads the delivery of Human Resources Consulting services. Peter brings to IOOF over 13 years experience in the areas of HR Management, Employee Relations, Consulting and Training and Development, including 11 years in the financial services sector.



Tim Worner: General Manager – Customer Administration
B.A., ASIA

Tim is responsible for all IOOF Funds Management administrative processes. Tim has 12 years experience in servicing and managing client service and administrative roles within the financial services industry.

Mr Robert J Turner – Managing Director
B.Com., F.A.I.C.D.

Tony Hodges: Group General Manager – Funds Management
Dip. FP, FAICD (DIP), ASIA

Tony celebrates his 26th year in the securities industry and is well qualified to oversee the professional investment management of members' funds, ensuring a secure, but competitive environment for the creation of wealth and retirement incomes for members.

Barry Sheehan: General Manager – Retail Funds Management

Barry's role encompasses both the development and implementation of IOOF's retail funds management strategy which ensures the investment needs of our members are exceeded. He is responsible for a range of business functions including product development, call centre (customer service) and distribution. Barry has over 19 years experience in the financial services industry.

making money work with **Funds Management**

IOOF continued to provide investors with solid investment performance during 1998/99, despite global economic concerns which had the potential to negatively impact on Australia.

Our philosophy of investing in high quality securities across all asset classes using an active approach, enabled IOOF to achieve better than average returns, with some funds achieving top ten status in their respective categories in various published surveys.

The Australian sharemarket performed strongly over 1998/99, rising by 15.3%. IOOF's Australian share funds continued to provide investors with returns well in excess of their benchmarks with the IOOF Flexi Trust Australian Equities Fund returning a net 18.44% for the financial year and the Supersaver Australian Equity Option returning 12.21% for the year, tax paid.

After several years of exceptionally strong gains, international shares returned 8.2% for 1998/99 as the Australian dollar rose 6.9% over the year against the US dollar and dampened sector returns. This is in contrast to previous years, where a weakening currency had a favourable impact on total returns.

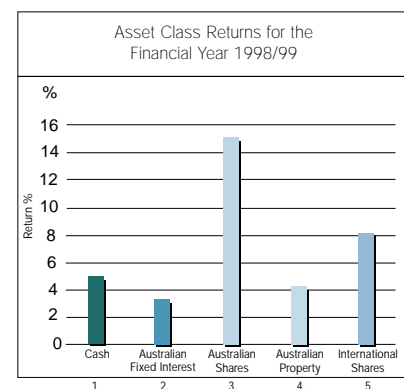
making money work with
Funds Management
continued...

IOOF's investment strategy took advantage of the fall in fixed interest yields over the second half of 1998, resulting in our flagship Wholesale Fixed Interest Trust being rated as one of the top performers in the InTech Asset Consulting Pty Ltd survey of specialised fixed interest managers.

The listed property trust sector returned 4.3% in 1998/99, well below the returns of the past two years. An increase in bond yields over the second half of the year proved to be a negative influence. Looking ahead, another year of moderate returns is anticipated, as demand in some sectors of the property market is expected to slow.

As can be seen from the wide variability in asset class returns over 1998/99, the benefit of investing in a balanced fund that has exposure to a range of different asset classes was highlighted again this year.

Returns from these funds were very good, with IOOF Flexi Trust Balanced, which has exposure to Australian and overseas shares, returning 9.47%pa. This was also reflected in the Supersaver's Balanced Fund tax paid return of 5.61%pa, and the Deferred Annuity Managed Fund tax paid return of 7.49% pa.



Sources
 1. WDR Bank Bill Index
 2. WDR Government Bond Index
 3. All Ordinaries Accumulation Index
 4. Listed Property Accumulation Index
 5. MSCI World Share Accumulation Index (ex Aust)

making money work with
Financial Planning

IOOF maintained a strong focus on growing its financial planning businesses during 1998/99.

Winchcombe Carson Financial Planning (WCFP) continued its strong growth strategy, delivering financial planning services to clients via 76 advisers, an increase of 29% on the previous year's adviser numbers. This has been achieved in a very competitive market as the demand from all sectors of the community for financial planning services continues to grow.

Total investments exceeded \$460 million for the year, an increase of 13.7% from the previous year. Total Funds Under Advice now stand at approximately \$1.45 billion.

As a result of the alliance with Bendigo Bank, a new joint venture financial planning business - Bendigo Investment Services (BIS) Ltd - was established. BIS is a 50/50 joint venture with Bendigo Bank, and offers a complete and professional financial planning service to Bendigo customers.

WCFP and BIS will both continue to expand their operations and services to clients as a critical part of IOOF's strategic plan.

professional strategies

making money work with
Health Services

IOOF Health Services continued to operate effectively in an increasingly competitive environment during 1998/99.

Recording a surplus of \$297,988 and reaching 3.32 calendar months in reserves, the Fund is positioning itself for the upcoming Government changes planned for the next financial year.

Statutory Reserves

| Quarter | Solvency Level (Months) |
|----------------|-------------------------|
| June 1998 | 2.52 |
| September 1998 | 2.19 |
| December 1998 | 2.39 |
| March 1999 | 2.40 |
| June 1999 | 3.34 |

During the last twelve months, IOOF Health Services implemented a new Year 2000 compliant computer system. Further enhancements will assist delivery of our customer service functions and aid to increase service standards to a higher level.

Supporting the provision of services such as the direct crediting of claim benefits to members' accounts, debiting deductions from credit cards and phone and Internet claiming, the computer system will see services expanded to include electronic payment of claims benefits.

Utilisation of the Australia Post network of retail outlets still continues to provide members with the facility to pay contributions and collect brochure information. More than 38% of members choose to use these facilities.

IOOF Health Services Internet site is currently being updated to include details of our new cover options, information of the Government's Rebate Scheme and inclusion of a secure payment facility.

IOOF Health Services developed two new cover options under our Easy Choice cover range. Easy Choice 6-day and Easy Choice Excess have proven to be just as popular as the Easy Choice 4-day option. All three offer 100% hospital cover and a selection of ancillary services at very competitive prices.

making money work with
Trustee Services

The Trustee Group of companies performed well during the year, registering a 25% increase in earnings to \$536,000 for 1998/99 compared to \$429,000 in 1997/98. Funds under administration grew 21% within the Corporate Trust Division.

The Personal Trust Division established an estate and financial planning service which offers advice on wills, will kits, executor services and investments. An executor assistance service for the general public was introduced, which assists private executors with estate administration.

The Trustee Group continued to re-balance the resources required to grow the business while professionally administering current services. A new and highly developed IT software program was introduced to assist in achieving higher levels of efficiency and quality service. The Trustee Group now offers support services and products to members through a number of professionals such as accountants, lawyers and stockbrokers.

The Trustee newsletter Trust Matters continued as the main communication to our 45,000 plus Trustee clients.

The Trustee Group consistently met all regulatory requirements while enhancing processes for monitoring risk management and compliance matters.

Corporate Governance

Corporate Governance is the system which ensures the IOOF Group is managed in an ethical and effective manner.

Role of Board Members – The Board of Directors has the responsibility for the overall Corporate Governance of the IOOF Group. All directors abide by a Code of Conduct to ensure high ethical and professional standards are adhered to. The Board meets at least monthly to review aspects of the IOOF Group's affairs including performance, strategic issues, budgets, and business plans.

Board Composition – The IOOF of Victoria Friendly Society Ltd Board, which is the Board of the parent entity, comprises nine directors being Mr Lindsay Bytheway (Chairman), Dr Roger Sexton (Deputy Chairman), Mr Michael Crivelli, Mr David Jury, Mr Michael Parkinson, Dr Nora Scheinkestel, Mr Raymond Schoer, Ms Kate Spargo and Mr Robert Turner.

Board Committees – The Board has appointed a number of Committees to which it has delegated the functions of reviewing, advising and making recommendations. One of these is a Committee of a subsidiary company, IOOF Investment Management Ltd ("IIML"). The majority of the membership of these Committees comprises independent non-executive directors.

Group Remuneration and Nomination Committee

Objective – This Committee is responsible to the IOOF Group Board for nominating and recommending non-executive directors and the Group Managing Director. The composition of the Board is reviewed annually by the Committee to ensure that the Board has the requisite skills, experience, continuity and balance. When a vacancy arises, the Committee prepares a rigorous specification and, with the help of an external consultant, a panel of candidates is interviewed.

The Committee recommends the fees for non-executive directors on the IOOF Group Board and subsidiary Boards. The policy is to adopt remuneration levels which enable the IOOF Group to attract directors with the requisite qualities and skills and to compensate directors for their time and personal financial risks incurred. External independent advice is obtained when Board fees are reviewed.

The Committee is responsible for ensuring that competitive remuneration and reward programs are in place for the Chief Executive and other senior management. It is also responsible for ensuring that other Human Resources Management programs, including performance assessment, are in place.

A performance appraisal process has been developed during the year for senior management which assesses performance against pre-determined business objectives and measures the extent to which their values and behaviours are congruent with the vision and values of the IOOF Group.

Membership – The Board Remuneration and Nomination Committee comprised three non-executive directors of the Group Board during the year being Mr Michael Parkinson (Chairman), Mr Lindsay Bytheway and Mr Michael Crivelli. Since the end of the year Mr Michael Crivelli has resigned from this Committee.

Number of Meetings – In 1998/99 the Committee met five times. In addition, a number of special meetings were convened for director interviews.

| Non-Executive Director | Audit Committee No of Meetings Held* | Audit Committee No of Meetings Attended | Group Governance Committee No of Meetings Held* | Group Governance Committee No of Meetings Attended | Remuneration & Nomination Committee No of Meetings Held | Remuneration & Nomination Committee No of Meetings Attended | IIML Compliance Committee No of Meetings Held | IIML Compliance Committee No of Meetings Attended |
|---------------------------------|---|--|--|---|--|--|--|--|
| Mr L. Bytheway | | | | | 5 | 5 | | |
| Mr M. Crivelli | | | | | 5 | 4 | | |
| Mr D. Jury ¹ | 9 | 9 | 2 | 2 | | | | |
| Ms M. Kelsall ² | 5 | 4 | 2 | 2 | | | | |
| Mr M. Parkinson | | | 4 | 4 | 5 | 5 | 2 | 2 |
| Dr N. Scheinkestel ³ | 3 | 3 | | | | | | |
| Mr R. Schoer | 9 | 8 | 4 | 4 | | | 2 | 2 |

¹ Mr Jury was appointed to the Group Governance Committee during the year

² Ms Kelsall resigned from the Audit Committee and Group Governance Committee during the year

³ Dr Scheinkestel was appointed to the Audit Committee during the year

* and entitled to attend

Audit Committee

Objective – The primary objective is to assist the IOOF Group Board in fulfilling its responsibilities relating to accounting, internal control systems and its reporting practices.

The Audit Committee reviews and advises on financial information presented to members, regulators and the general public. It also oversees and appraises the quality of the audits conducted by both the IOOF Group's internal and external auditors ensuring that emphasis is placed on areas where the Committee, management or the auditors believe special attention is necessary. The Audit Committee also reviews the effectiveness of administrative, operating and accounting controls.

Membership – The Audit Committee comprises three non-executive directors of the Group Board, being Dr Nora Scheinkestel (Chairman), Mr Raymond Schoer and Mr David Jury.

Number of Meetings – In 1998/99 the Committee met nine times.

Group Governance Committee

Objective – This Committee's primary objective is to ensure compliance with all statutory and regulatory obligations in the IOOF Group's operations as well as overseeing the risk management frameworks.

The Committee ensures that appropriate and structured compliance programs are implemented to promote compliance in accordance with relevant legislation and best practice. The Committee also aims to promote a compliance and risk management culture.

Membership – The Committee comprises three non-executive directors of the IOOF Group Board being Mr Raymond Schoer (Chairman), Mr Michael Parkinson and Mr David Jury.

Number of Meetings – In 1998/99 the Committee met four times.

IOOF Investment Management Ltd ("IIML") Compliance Committee

Objective – This Committee was established in April 1999 to satisfy the requirements under the new Managed Investments Act 1998 ("MIA") and IIML's obligations as a Single Responsible Entity. Though not required under Law, the Committee exists to monitor compliance with the MIA Compliance Plan which was prepared during the year and approved by ASIC and to promote a compliance culture within IIML. The MIA Compliance Plan measures IIML's adherence to the Corporations Law and each of the Schemes' Constitutions. The Committee advises and makes recommendations to the IIML Board.

Membership – The Committee comprises two non executive directors of the Group Board being Mr Raymond Schoer (Chairman) and Mr Michael Parkinson and one executive member who is the Group Compliance Manager.

Number of Meetings – The Committee meets quarterly and more frequently if required. Since April 1999 this Committee has met twice.

Independent Legal & Other Advice

The IOOF Group Board has a formal procedure which enables directors to seek independent advice, where necessary, at the IOOF Group's expense, to assist them to carry out their duties as directors. The procedure involves the Chairman giving prior approval to the obtaining of the advice and the IOOF Group meeting the reasonable costs of such advice. If the Chairman refuses to give such approval, the IOOF Group Board (or in the case of an executive Director, a majority of the non-executive Directors) can give prior approval to the obtaining of the advice.

Risk Identification and Risk Management

The IOOF Group actively works to identify and manage its business risks. To this end, the IOOF Group has:

- a comprehensive Business Continuity Management Plan which ensures the continuation of daily activities in the event of a significant disruption to the business.
- an Insurance Program in place to meet insurable risks which is specifically tailored to the IOOF Group's individual requirements.
- a sophisticated investment portfolio system which allows for daily valuation of all financial instruments, effective exposure modelling, risk assessments and counter party reporting. The dealing, settlement, portfolio recording and accounting functions associated with financial instruments are all segregated.
- specific procedures and policies in place to monitor and control a number of inherent risks associated with generating returns for the IOOF Group members. These include market risk, liquidity risk, credit risk, transaction and technology risk, and operational risk. These procedures and policies are set out in the IOOF Group's Investment Guidelines, the Risk Management Plan which complies with the Friendly Society Prudential Standard 6.1 on Risk Management, and the IIML Compliance Plan established as a result of the MIA.
- strict controls on the use and maintenance of derivative instruments as part of its investment operations. The IOOF Group does not enter into or trade derivative financial instruments for speculative purposes.

Statement of Year 2000 Readiness

The Year 2000 Project objective was to bring all IOOF Group operating entities up to a level of internal Year 2000 readiness which would assist a smooth transition into the Year 2000 and beyond. The Project scope encompassed all information technology and business related aspects of the IOOF Group.

An integral part of the Year 2000 Project was the compliance monitoring of key trading partners. Companies in this category include utility companies, banks, suppliers, and telecommunication companies. To this end, the IOOF Group communicates with these entities and monitors their progress towards Year 2000 readiness.

During the year, all critical IOOF Group computer systems underwent stringent testing to ensure correct functionality both prior to and beyond the Year 2000. This began in February 1999 and was completed in May 1999. The IOOF Group is well placed to welcome in the new millennium.

In order to move smoothly into the Year 2000, the IOOF Group has set up a Year 2000 Contingency Plan and Transition Plans which will ensure continuity of services to members. Contingency plans for Year 2000 are necessary to ensure that trading partner failures do not unduly affect the IOOF Group operation.

The IOOF Group Board monitors the status of IOOF Group's Year 2000 Project, and reports to the Board are made monthly. This ensures that the Board's involvement and control over the Project is maintained.

Financial Report

Annual Financial Report for the Financial Year Ended 30 June 1999

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The Directors of IOOF of Victoria Friendly Society Ltd ("the Society") present the annual financial report for the financial year ended 30 June 1999.

In accordance with a resolution of the Directors and in order to comply with the provisions of the Corporations Law, pursuant to the Financial Sector Reform (Amendments and Transitional Provisions) Act 1999, the Directors report as follows:

Directors

The names and particulars of the Directors of the Society at the date of this report are:

| Director | Age | Qualifications | Occupation |
|---|-----|--|---|
| Mr L A Bytheway (Chairman) | 67 | A.A.U.O., F.C.P.A., F.A.I.C.D. | Company Director |
| Dr R N Sexton (Deputy Chairman) | 49 | B.Ec. (Hons.), M. Ec, Ph.D. (Econ.), F.A.I.C.D., F.A.I.M. | Company Director and Investment Banker |
| Mr M U R Crivelli (non-executive director until 4/5/99, then appointed executive Director) | 60 | B.Ec., A.S.A., A.S.I.A. | Executive Director and Investment Management |
| Mr D E Jury | 58 | F.A.I.C.D. (Dip.) | Company Director |
| Mr M W Parkinson, C.B.E. | 56 | B.A. (Hons.), M.B.A. | Merchant Banker |
| Dr N L Scheinkestel (appointed 20/11/98) | 39 | LL.B. (Hons.), Ph.D. | Company Director, Consultant and Academic |
| Mr R J Schoer | 66 | B.Bus. (Admin.), F.C.P.A., F.A.I.C.D., F.C.I.S. | Business Consultant and Company Director |
| Ms K D Spargo (appointed 30/8/99) | 47 | LL.B. (Hons.), B.A. | Management Consultant |
| Mr R J Turner | 56 | B. Com., F.A.I.C.D. | Managing Director |

Principal Activities

The principal activities of the economic entity referred to as the IOOF Group (comprising the Society, as the chief entity, and controlled entities as appearing in note 22 to the financial statements) during the course of the financial year were:

- to offer a range of financial products, including single and multi-premium investments, superannuation, approved deposit funds, immediate and deferred annuities and investment trusts;
- to provide life, health, disability and general insurance;
- to operate a building society;
- to operate retirement villages and related care facilities for the aged;
- to provide financial planning and advisory services; and
- to provide trustee and executor services.

Consolidated Results

The consolidated net operating profit for the year after income tax expense attributable to members of the IOOF Group was \$14,001,000 (1998: \$10,674,000).

Review of Operations

A review of the operations of the IOOF Group is contained in the Chairman's and Managing Director's Report in the Annual Report.

Directors' Report (continued)

Significant Changes in the State of Affairs

There were several significant changes in the IOOF Group's state of affairs that occurred during the financial year. They are set out below and are referred to in the accounts or the notes thereto.

During the financial year, IOOF sold the IOOF Building Society Ltd and its holding company, IOOF B S Holdings Pty Ltd to the Bendigo Bank Ltd. As part of the sale, IOOF and Bendigo Bank have formed a joint venture company, Bendigo Investment Services Ltd, which will provide financial planning services to Bendigo Bank customers and IOOF members.

IOOF Community Villages Ltd and IOOF Community Villages Friendly Society Ltd sold the assets of the Cumberland View Retirement Village and Nursing Home, the Riverwood Retirement Village and the Glendale Hostel. Both IOOF Community Villages Ltd and IOOF Community Villages Friendly Society Ltd remain under the control of the Group, but are non-operating entities.

In accordance with the changes to the Corporations Law, due to the commencement on 1 July 1998 of the Managed Investment Act 1998, the Australian Securities and Investment Commission on 10 June 1999 registered each of the funds within the IOOF Flexi Trusts and the IOOF Wholesale Trusts as managed investment schemes. Effective from that date, IOOF Investment Management Ltd became the Single Responsible Entity for each scheme.

Matters Subsequent to the End of the Financial Year

From 1 July 1999, the Friendly Societies (Victoria) Act 1996, was repealed, with Friendly Societies now required to comply with the Corporations Law, pursuant to the Financial Sector Reform (Amendments and Transitional Provisions) Act 1999, and the Life Insurance Act 1995. At that date, IOOF of Victoria Friendly Society Ltd became a public company limited by shares and guarantee under the Corporations Law. On this date, the Australian Prudential Regulation Authority (APRA) replaced the Australian Financial Institutions Commission (AFIC) as regulator of the Society.

In August 1999, IOOF formed a new wholesale funds management company, Perennial Investment Partners Limited.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, or the accompanying accounts and notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the IOOF Group, the results of those operations, or the state of affairs of the IOOF Group in subsequent financial years.

Future Developments

The Directors believe, on reasonable grounds, that to include in this report particular information regarding likely developments in the IOOF Group's operations and the expected results of those operations in subsequent financial years would be likely to result in unreasonable prejudice to the IOOF Group. Accordingly, this information has not been included in this report.

Year 2000 Preparedness

The Group has committed significant time and resources towards overcoming any problems related to the year 2000 problem. All systems, software and equipment have been tested or will be tested to ensure that all critical systems operate correctly before, during and after the year 2000, and any modifications or upgrades required have been undertaken. The Group has also conducted an extensive evaluation of all trading partners and suppliers as to the extent of their year 2000 readiness.

However, there is no assurance that the systems of other entities, suppliers or utilities, on which the Group's operations rely, will be converted in a timely manner, or that any such failure to convert by another entity will not have an adverse effect on the Group's systems. In order to mitigate this risk, the Group has developed contingency plans to ensure continuity of services to members.

Risk Management Statement

In accordance with the former Australian Financial Institutions Commission's Prudential Standards, the Directors have put in place various Risk Management Statements ('RMS'), now applied by APRA under transitional arrangements. The Directors receive regular reports on their operation and are satisfied with the level of compliance with the RMS.

Directors' Benefits

During or since the financial year, no Director of the Society has received or become entitled to receive a benefit because of a contract that the Director, or a firm of which the Director is a member, or an entity in which the Director has a substantial financial interest, made with the Society or an entity that the Society controlled, or a body corporate that was related to the Society, when the contract was made or when the Director received, or became entitled to receive, the benefit other than:

- a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in note 20 to the financial statements; and
- the fixed salary of a full time employee of the Society or an entity that the Society controlled or a related body corporate.

Directors' Report (continued)

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by the Society's Directors during the financial year were:

| Director | Directors' Meetings (b) | | Committee Meetings (c) | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Number of Meetings Held (a) | Number of Meetings Attended | Number of Meetings Held (a) | Number of Meetings Attended |
| Mr L A Bytheway (Chairman) | 12 | 12 | 5 | 5 |
| Dr R N Sexton (Deputy Chairman) | 12 | 12 | - | - |
| Mr M U R Crivelli | 12 | 11 | 5 | 4 |
| Mr D E Jury | 12 | 12 | 11 | 11 |
| Ms M H Kelsall (resigned 20/11/98) | 5 | 4 | 7 | 6 |
| Mr M W Parkinson | 12 | 12 | 9 | 9 |
| Dr N L Scheinkestel (appointed 20/11/98) | 8 | 7 | 3 | 3 |
| Mr R J Schoer | 12 | 9 | 13 | 12 |
| Mr R J Turner | 12 | 12 | - | - |

- Reflects the number of regular meetings held during the time the Director held office during the year.
- In addition to the above regular scheduled meetings, a number of additional meetings were held during the year to address special Board issues. These were attended by all, or the majority of, the Directors. Directors have also attended meetings of subsidiary boards which are not listed above.
- Comprises the Audit Committee, Governance Committee and Board Remuneration and Nomination Committee. Details of the numbers of committee meetings held and the number of meetings attended by each Director are set out in the Corporate Governance section of the Annual Report.
- The number of committee meetings attended by the Society's Directors, other than the members of the various committees, during the financial year were:

| Director | Number of Committee Meetings |
|------------------|------------------------------|
| | Attended by Invitation |
| Mr L A Bytheway | 8 |
| Ms M H Kelsall | 1 |
| Mr M W Parkinson | 4 |
| Mr R J Turner | 10 |

Indemnification

There is a Directors' and Officers' Liability and Company Reimbursement Insurance policy which indemnifies all the Directors and Officers of the IOOF Group against liabilities to persons outside the IOOF Group that arise out of performance of their normal duties. The insurance policy stipulates that the underwriter will indemnify Directors and Officers of the IOOF Group against any liabilities, costs and expenses in accordance with the terms of the policy. The terms of the policy prohibit disclosure of the nature of the liability and the amount of the premium.

Rounding Off of Amounts

The amounts shown in the accompanying accounts have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors made pursuant to Section 336 of the Friendly Societies (Victoria) Code, as modified by Corporations Regulation 12.6.03.



L A Bytheway
Chairman of the Board



R J Turner
Managing Director
Melbourne, 21 September 1999

Independent Audit Report to Members of IOOF of Victoria Friendly Society Ltd

Actuary's Report

Scope

We have audited the financial report of IOOF of Victoria Friendly Society Ltd ("the Society") for the financial year ended 30 June 1999 as set out on pages 30 to 77. The financial report includes the consolidated financial statements of the consolidated entity comprising the Society and the entities it controlled at the year's end or from time to time during the financial year. The Society's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Society.

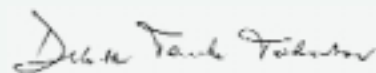
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Society's and the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

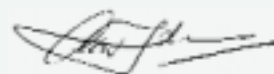
Audit Report

In our opinion, the financial report of IOOF of Victoria Friendly Society Ltd is drawn up:

- a. so as to give a true and fair view of the Society and the consolidated entity's financial position as at 30 June 1999 and of their performance for the year ended on that date; and
- b. in accordance with the requirements of the Friendly Societies (Victoria) Act 1996; and
- c. so as to comply with Accounting Standards and other mandatory professional reporting requirements.



Deloitte Touche Tohmatsu



Alan Flanders
Partner
Chartered Accountants
Melbourne, 21 September 1999

15 September 1999

The Directors
IOOF of Victoria Friendly Society Ltd
22 St. Kilda Road
St. Kilda VIC 3182

I have investigated the financial condition of the IOOF of Victoria Friendly Society Ltd. as at 30th June 1999 in accordance with section 113 of the Life Insurance Act 1995 (the Act) and Prudential Standard 1 determined by the Australian Prudential Regulation Authority (APRA). As a result of that investigation it is my opinion that:

- (a) The investment strategy adopted by the society for each benefit fund is appropriate to the fund's liabilities. I have formed this opinion having considered, amongst other things:
 - (i) the financial position of each fund including the unallocated surplus, after the bonus, if any, declared as at 30 June 1999;
 - (ii) the nature of the liabilities of each fund;
 - (iii) the rules of each fund; and
 - (iv) each fund's disclosure documents.

(b) I have valued the following approved benefit funds as at 30 June 1999. In summary, the results of those valuations are as follows:

| Fund Name | Net Assets | Member liabilities | Surplus before distributions | Intended distributions to members | Other intended distributions | Retained surplus |
|---|------------|--------------------|------------------------------|-----------------------------------|------------------------------|------------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Flexible Portfolio Fund No. 1 | 723,981 | 699,367 | 24,614 | 22,853 | - | 1,762 |
| Flexible Insurance Fund No. 4 (BT Bond) | 238,863 | 230,067 | 8,796 | 6,112 | - | 2,684 |
| Deferred Annuity Portfolio Fund No. 1 | 27,420 | 25,893 | 1,527 | 1,099 | - | 427 |
| Superannuation Bond | 6,573 | 6,346 | 227 | 227 | - | - |
| Capital Builder Fund No. 1 | 26,189 | 25,150 | 1,039 | 1,024 | - | 15 |
| Immediate Annuity Fund No. 1 | 1,819 | 1,668 | 41 | - | - | 41 |
| Funeral Benefits Fund | 73,689 | 71,002 | 2,687 | 2,687 | - | - |
| Combined Assurance Benefit Fund | 2,582 | 2,463 | 118 | - | - | 118 |
| Consolidated Assurance Benefit Fund | 1,334 | 1,329 | 5 | - | - | 5 |
| Assurance Benefit Fund | 578 | 416 | 162 | 104 | 42 | 16 |

(c) The directors' intended distributions of surplus as at 30th June 1999, are in accordance with my recommendations. These recommendations are based on the relevant rules of the society and representations made to members. If the distributions are made as intended, each fund will have complied as at 30th June 1999 with LIASB Standard ASFS 2.01 in regard to Benefit Fund Solvency Requirements.

(d) The society's policy in regard to the continuous monitoring and management of the Benefit Fund Solvency Requirement is appropriate for each of the society's benefit funds. (I have not however audited the society's compliance with this policy - this is a function of the society's auditor).

(e) The current pricing of benefit fund products is such that margins available for the management and administration of existing benefit funds' members would under reasonable future scenarios be adequate for the continued administration and management of those benefit funds; as well as in the scenario of ceasing to write new business. New business at present requires capital from the management fund to cover part of the new business acquisition costs.



A. L. Truslove BSc PhD MBA FIA FIAA
Appointed Actuary

Statement by Directors

In the opinion of the Directors of IOOF of Victoria Friendly Society Ltd ("the Society"):

- a. the attached profit and loss account of the Society and the Group gives a true and fair view of the Society's and the Group's profit for the financial year ended 30 June 1999;
- b. the attached balance sheet of the Society and the Group gives a true and fair view of the Society's and the Group's state of affairs as at 30 June 1999;
- c. there are, when this statement is made out, reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due; and
- d. the consolidated financial statements:
 - i. have been made out in accordance with Section 331 of the Friendly Societies (Victoria) Code; and
 - ii. in particular, give a true and fair view of the matters with which that Section deals.

Signed in accordance with a resolution of the Directors made pursuant to Section 335 of the Friendly Societies (Victoria) Code pursuant to Corporations Regulation 12.6.03.



L. A. Bytheway
Chairman of the Board



R. J. Turner
Managing Director
Melbourne, 21 September 1999

Profit and Loss Account for the Financial Year ended 30 June 1999

| | NOTE | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|--|------|------------------------------|------------------------------|---------------------------|---------------------------|
| Revenue from benefit funds | 2 | 24,571 | 27,429 | 24,571 | 26,912 |
| Other trading revenue | 2 | 18,877 | 10,826 | 20,278 | 10,873 |
| Cost of revenue | | (20,518) | (15,099) | (20,518) | (14,416) |
| Gross profit from Society operations | | 22,930 | 23,156 | 24,331 | 23,369 |
| Other expenses of Society operations | | (24,110) | (19,626) | (24,110) | (19,745) |
| Operating profit of Society before abnormals | | (1,180) | 3,530 | 221 | 3,624 |
| Operating profit of controlled entities before abnormals | 2 | 5,268 | 4,697 | - | - |
| Operating profit before abnormal items | | 4,088 | 8,227 | 221 | 3,624 |
| Income tax benefit | 16 | 5,649 | 5,314 | 7,941 | 5,042 |
| Operating Profit/(Loss) after income tax before abnormal items | | 9,737 | 13,541 | 8,162 | 8,666 |
| Abnormal items | 3 | (10,867) | (2,375) | (10,535) | 1,055 |
| Income tax benefit on abnormal items | 3 | 120 | 272 | - | - |
| Operating Profit/(Loss) and Abnormal Items | | (1,010) | 11,438 | (2,373) | 9,721 |
| Profit on extraordinary items | 4 | 15,526 | (944) | 13,828 | - |
| Income tax attributable to profit on extraordinary items | 4 | (515) | 180 | - | - |
| Operating Profit and Extraordinary Items after Income Tax | | 14,001 | 10,674 | 11,455 | 9,721 |
| Retained profits at the beginning of the financial year | | 58,124 | 44,649 | 53,729 | 37,238 |
| Transfers (to)/from benefit funds | 13 | - | (5,862) | - | (5,862) |
| Transfers (to)/from reserves | 14 | (2,163) | 8,663 | (2,163) | 7,063 |
| Transfers (to)/from IOOF Community Villages Friendly Society | | - | - | - | 5,569 |
| Transfers (to)/from CBA Queensland Friendly Society | | - | - | 1,381 | - |
| Retained Profits at the End of the Financial Year | | 69,962 | 58,124 | 64,402 | 53,729 |

The accompanying notes form part of, and are to be read in conjunction with, these financial statements.

Balance Sheet as at 30 June 1999

| | NOTE | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|---|-------|------------------------------|------------------------------|---------------------------|---------------------------|
| Current Assets | | | | | |
| Cash | 24(a) | 55,833 | 43,723 | 19,594 | 15,621 |
| Receivables | 5 | 5,860 | 4,497 | 1,157 | 460 |
| Investments | 6 | - | 58,273 | - | - |
| Other | 7 | 3,954 | 7,399 | 5,675 | 8,975 |
| Total Current Assets | | 65,647 | 113,892 | 26,426 | 25,056 |
| Non-Current Assets | | | | | |
| Receivables | 5 | 1,287 | 1,481 | - | - |
| Investments | 6 | 27,098 | 301,573 | 55,484 | 37,890 |
| Property, plant & equipment | 8 | 9,060 | 6,030 | 8,970 | 5,139 |
| Future income tax benefits | | 301 | 1,123 | - | 90 |
| Assets held on behalf of benefit fund members | 26 | 1,482,204 | 1,623,227 | 1,482,204 | 1,591,993 |
| Other | 7 | 2,369 | 3,463 | 3,737 | 3,139 |
| Total Non-Current Assets | | 1,522,319 | 1,936,897 | 1,550,395 | 1,638,251 |
| Total Assets | | 1,587,966 | 2,050,789 | 1,576,821 | 1,663,307 |
| Current Liabilities | | | | | |
| Accounts payable | | 7,808 | 9,024 | 4,965 | 5,916 |
| Borrowings | 10 | - | 323,503 | - | - |
| Provisions | 11 | 10,939 | 5,213 | 3,589 | 2,193 |
| Other | 12 | 155 | - | 1,101 | 2,393 |
| Total Current Liabilities | | 18,902 | 337,740 | 9,655 | 10,502 |
| Non-Current Liabilities | | | | | |
| Borrowings | 10 | - | 17,434 | - | - |
| Provisions | 11 | 3,855 | 9,946 | 1,920 | 1,744 |
| Benefit fund members' funds | 26 | 1,482,204 | 1,623,227 | 1,482,204 | 1,591,993 |
| Other | 12 | - | - | 1,029 | 1,029 |
| Total Non-Current Liabilities | | 1,486,059 | 1,650,607 | 1,485,153 | 1,594,766 |
| Total Liabilities | | 1,504,961 | 1,988,347 | 1,494,808 | 1,605,268 |
| NET ASSETS | | 83,005 | 62,442 | 82,013 | 58,039 |
| Equity | | | | | |
| Retained profits | | 69,962 | 58,124 | 64,402 | 53,729 |
| Reserves | 14 | 13,035 | 4,310 | 17,611 | 4,310 |
| Outside equity interest | | 8 | 8 | - | - |
| TOTAL EQUITY | | 83,005 | 62,442 | 82,013 | 58,039 |

The accompanying notes form part of, and are to be read in conjunction with, these financial statements.

Statement of Cash Flows for the Financial Year ended 30 June 1999

| | NOTE | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|--|--------------|------------------------------|------------------------------|---------------------------|---------------------------|
| Cash flows from operating activities | | | | | |
| Payments to suppliers and employees | | (88,694) | (73,491) | (53,780) | (39,324) |
| Dividends received | | - | - | 1,403 | - |
| Interest and bill discounts received | | 19,302 | 28,208 | 1,560 | 1,566 |
| Other income received | | 73,893 | 63,693 | 41,197 | 36,622 |
| Interest and other costs of finance paid | | (11,597) | (17,385) | (15) | (199) |
| Income tax benefit received | | 7,600 | 12,743 | 9,750 | 6,111 |
| Net cash provided by operating activities | 24(b) | 504 | 13,768 | 115 | 4,776 |
| Cash flows from member activities | | | | | |
| Net inflow/(outflow) in Building Society member deposits | | 509 | (34,769) | - | - |
| Net inflow/(outflow) in member funds | | (9,001) | (5,905) | (9,001) | (5,905) |
| Transfer from IOOF Community Villages Friendly Society | | - | - | - | 5,569 |
| Transfer from CBA Queensland Friendly Society | | - | - | 1,381 | - |
| Net cash used in member activities | | (8,492) | (40,674) | (7,620) | (336) |
| Cash flows from investing activities | | | | | |
| Payment for purchase of investment securities | | (500) | - | (4,000) | (10,770) |
| Proceeds from sale of investment securities | | 800 | 9,788 | 1,280 | - |
| Proceeds from sale of intangibles | | - | 65 | - | - |
| Payment of loans to related parties | | - | - | (885) | - |
| Payment of loans to policy holders | | (38) | - | (38) | - |
| Net movement in borrowings | | 6,654 | (17,127) | - | - |
| Payment for property, plant & equipment | | (4,807) | (1,121) | (4,523) | (393) |
| Proceeds from sale of property, plant & equipment | | 5,007 | 433 | - | - |
| Net cash (outflow)/inflow on disposal of business | 24(c) | (5,347) | 8,550 | 14,864 | - |
| Receipts from related entities | | - | 11 | 4,780 | - |
| Net cash provided by/(used in) investing activities | | 1,769 | 599 | 11,478 | (11,163) |
| Net increase/(decrease) in cash held | | (6,219) | (26,307) | 3,973 | (6,723) |
| Cash at the beginning of the financial year | | 62,052 | 88,359 | 15,621 | 22,344 |
| Cash at the end of the financial year | 24(a) | 55,833 | 62,052 | 19,594 | 15,621 |

The accompanying notes form part of, and are to be read in conjunction with, these financial statements.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999

1. Summary of Significant Accounting Policies**Financial Reporting Framework**

The financial report is a general purpose financial report which has been prepared in accordance with the Friendly Societies (Victoria) Code, pursuant to the Financial Sector Reform (Amendments and Transitional Provisions) Act 1999, Prudential Standards, applicable Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures the resultant financial information satisfies the concepts of relevance and reliability, thereby, ensuring that the substance of the underlying transactions and other events is reported.

In addition to the accounting policies prescribed by applicable Accounting Standards and Urgent Issues Group Consensus Views, the following significant accounting policies have been adopted in the preparation and presentation of the financial report.

a. PRINCIPLES OF CONSOLIDATION

The consolidated accounts have been prepared by combining the financial statements of all the entities that comprise the economic entity, being the Society, comprising its management funds and reserves (the chief entity) and its controlled entities as defined in applicable accounting standard AASB 1024 "Consolidated Accounts". A list of controlled entities appears in Note 22 to the accounts. Consistent accounting policies have been employed across all entities comprising the economic entity.

In preparing the consolidated accounts, all intercompany balances and transactions, and unrealised profits arising within the economic entity are eliminated in full.

b. INVESTMENTS

The investments in controlled entities are brought to account at Directors' valuation based on the value of underlying net assets except where the Directors believe the future profitability of a controlled entity may be in doubt. Investments in associates have been accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements. Quoted securities are valued at their net fair value in accordance with AFIC Prudential Standard 6.3.2.g.

A current investment is one whose term to maturity is less than one year or where the maturity date is beyond one year but the investment is actively traded and can be sold in an orderly market prior to maturity.

A controlled entity of the Society during the year was exposed to change in interest rates from its activities, and used interest rate swaps to manage its exposure to these risks. Interest rate swaps allowed the controlled entity to swap floating rate borrowings into fixed rates. Gains and losses on interest rate swaps are included in the determination of interest expense.

Mortgage securities are recognised at recoverable amount, after assessing required provisions for impairment. Bad debts are written off when identified.

c. INCOME TAX

Tax effect accounting principles have been adopted whereby income tax expense has been calculated on pre-tax operating profit after adjustment for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in the provision for deferred income tax and future income tax benefit, as applicable.

The applicable rates of income tax vary depending upon the fund or entity involved. Superannuation and rollover funds generally attract income tax at the rate of 15%, the eligible insurance activities of Society funds at the rate of 33% and companies at the rate of 36%.

d. DEPRECIATION

Property, plant and equipment, including owner/occupied freehold buildings but excluding land, are depreciated on a straight line basis designed to write off the net cost of each asset over its estimated useful life.

e. FREEHOLD LAND AND BUILDINGS

Freehold land and buildings that are both owned and occupied are classified as property in non-current assets. Other land and buildings are classified as investment properties as defined by AASB 1021 "Depreciation of Non-Current Assets" and have been classified as non-current investments.

Land and buildings are revalued at regular intervals. Independent assessments are obtained of the fair market value of land and buildings based on existing use and such assessments are used as a guide when revaluations are made.

f. RECEIVABLES

Receivables are recorded at amounts due less any provision for doubtful debts.

g. ACCOUNTS PAYABLE

Trade payables and other accounts payable are recognised when the IOOF Group becomes obliged to make future payments resulting from the purchase of goods and services.

h. BORROWINGS

Treasury settlements and member deposits are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

1. Summary of Significant Accounting Policies (continued)**i. RECOVERABLE AMOUNT OF NON-CURRENT ASSETS**

Non-current assets are written down to their recoverable amounts where the carrying value of any non-current asset exceeds its recoverable amount. Recoverable amounts are determined as the amounts expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the non-current assets, which have been discounted to their present values where appropriate.

Where the recoverable amount of a non-current asset exceeds its notional replacement cost, no further write-down to the notional replacement cost nor any provision for diminution in the carrying value of the non-current asset is brought to account. It is the Directors' opinion that no such further write-down is necessary, as it is unlikely that losses will be incurred through the disposal of non-current assets. It is the IOOF Group's intention to only dispose of any non-current asset in the ordinary course of business.

j. GOODWILL

Goodwill, representing the excess of the purchase consideration over the fair value of the identifiable net assets acquired arising upon the acquisition of a business entity, is shown as an intangible asset. Goodwill is amortised on a straight line basis over the period of time during which the benefits are expected to arise, but not exceeding twenty years. The unamortised balance of goodwill is reviewed at each balance date and charged to the profit and loss account to the extent that future benefits are no longer probable.

k. LEASES

All leases undertaken by the IOOF Group are of the nature that all the risks and benefits of ownership are effectively retained by the lessor and are therefore classified as operating leases. Operating lease payments are charged as an expense in the period in which they are incurred.

l. SURPLUS LEASED PREMISES

In the event that premises leased by the Society pursuant to a non-cancellable operating lease are identified as surplus to the needs of the Society, a liability and expense are recognised equal to the present value of the net expected outlay relating to the surplus space as specified under the lease agreement.

m. EMPLOYEE ENTITLEMENTS**Wages, Salaries and Annual Leave**

The provisions for employee entitlements to wages, salaries and annual leave represents the amount which the IOOF Group has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated based on current wage and salary rates and includes related on-costs.

Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using rates attaching to Commonwealth Government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the IOOF Group's experience with staff departures.

n. DEFERRED ACQUISITION COSTS

Acquisition costs are those costs associated with the writing of new business and include all costs of sales advisors, advertising, call centre costs for direct sales, marketing and product manager costs, member administration on all products, and up front commission expenses on nil entry fee products only.

Acquisition costs associated with the sale of all products have been carried as an asset in the balance sheet and will be progressively amortised in the profit and loss account over the period of time probable future benefits are expected to be received. Commission paid on those products with an entry fee has however been excluded.

Deferred acquisitions costs on any Friendly Society benefit fund have been valued at best estimate liability in accordance with Friendly Society Prudential Standards and Actuarial Standards. This value is calculated as a net-of-tax amount. Deferred acquisition costs on other funds for which the Friendly Society acts as Trustee have been calculated in accordance with generally accepted accounting principles and as such represent a pre-tax amount.

The value of the deferred acquisition costs carried in the balance sheet is reviewed each half year based on an actuarial assessment, or generally accepted accounting principles, as appropriate, and is expensed to the extent that such value is no longer supported by probable future benefits. Refer to note 3 for details of amounts expensed during the financial year.

Change in Accounting Policy

The deferred acquisition costs accounting policy has been changed during the year. This change results in the Society capitalising costs associated with all investment products, to more effectively match these expenses with their related revenue flows.

o. COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|--|------------------------------|------------------------------|---------------------------|---------------------------|
| 2. Operating Profit/(Loss) | | | | |
| The operating profit/(loss) before income tax includes the following items of revenue and expense: | | | | |
| Operating Revenue | | | | |
| Management fees: | | | | |
| - Wholly-owned controlled entities | - | - | 7,799 | 6,015 |
| - Benefit funds | 24,571 | 27,429 | 24,571 | 26,912 |
| - Other managed funds | 9,365 | 3,718 | 6,089 | 1,086 |
| - Other related parties | - | - | 1,345 | 1,025 |
| - Other non-related entities | 116 | 238 | - | - |
| | 34,052 | 31,385 | 39,804 | 35,038 |
| Interest revenue: | | | | |
| - Directors & director-related entities | - | 56 | - | - |
| - Wholly-owned controlled entities | - | - | 1 | 286 |
| - Other non-related entities | 20,848 | 27,947 | 1,642 | 1,229 |
| | 20,848 | 28,003 | 1,643 | 1,515 |
| Dividends: | | | | |
| - Wholly-owned controlled entities | - | 3 | 1,403 | - |
| Rental revenue: | | | | |
| - Operating lease contingent rental revenue | 1,169 | 675 | 1,169 | 793 |
| Commission revenue: | | | | |
| - Other non-related entities | 10,180 | 8,585 | 120 | 157 |
| Maintenance fees | 2,876 | 2,894 | - | - |
| Government subsidies received | 4,220 | 4,158 | - | - |
| Sale of retirement village units/apartments | 2,757 | 3,487 | - | - |
| Trustees fees | 6,327 | 6,164 | - | - |
| Mortgage administration & loan fees | 1,568 | 1,471 | - | - |
| Total Operating Revenue | 83,997 | 86,825 | 44,139 | 37,503 |
| Non-Operating Revenue | | | | |
| Net gain/(loss) on disposal of investments | - | 243 | - | - |
| Net revaluation of investments | 3 | - | - | - |
| Movement in provision for: | | | | |
| - Capital appreciation | (230) | (401) | - | - |
| - Deferred management fees | 110 | 386 | - | - |
| Proceeds from sale of assets: | | | | |
| - Property, plant & equipment | 538 | 103 | - | - |
| Other | 1,429 | 1,200 | 710 | 282 |
| Total Non-Operating Revenue | 1,850 | 1,531 | 710 | 282 |
| Total Revenue | 85,847 | 88,356 | 44,849 | 37,785 |
| Revenue from Society operations | 43,446 | 38,255 | 44,849 | 37,785 |
| Revenue from controlled entity operations | 66,902 | 72,020 | - | - |
| Adjustment on consolidation | (24,501) | (21,919) | - | - |
| Total Revenue | 85,847 | 88,356 | 44,849 | 37,785 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|---|------------------------------|------------------------------|---------------------------|---------------------------|
| 2. Operating Profit/(Loss) (continued) | | | | |
| Expenses | | | | |
| Interest: | | | | |
| - Wholly-owned controlled entities | - | - | - | 10 |
| - Other non-related entities | 10,999 | 15,793 | 15 | 188 |
| | 10,999 | 15,793 | 15 | 198 |
| Net movement in provision for doubtful debts in respect of amounts receivable from: | | | | |
| - Wholly owned controlled entities | - | - | - | (19) |
| - Other non-related entities | 37 | 1,044 | - | - |
| | 37 | 1,044 | - | (19) |
| Depreciation of non-current assets: | | | | |
| - Property, plant & equipment | 1,143 | 1,663 | 691 | 1,002 |
| - Motor vehicles | 15 | 29 | - | - |
| | 1,158 | 1,692 | 691 | 1,002 |
| Amortisation of non-current assets: | | | | |
| - Intangibles | - | 193 | - | - |
| Operating lease rental expenses: | | | | |
| - Other non-related entities | 3,485 | 4,327 | 2,366 | 2,733 |
| Loss/(profit) on sale of property, plant & equipment | - | 8 | - | - |
| Devaluation of investments | 28 | 170 | 28 | 160 |
| Net transfers to provisions: | | | | |
| - Long service leave | 372 | 502 | 230 | 269 |
| - Annual leave | 1,447 | 1,268 | 890 | 685 |
| <i>Comparative figures have been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.</i> | | | | |
| <i>Revenue and expenses include 9 months trading of the IOOF Building Society.</i> | | | | |
| 3. Abnormal Items | | | | |
| Write down of deferred acquisition costs (note 1(n)) | (5,797) | - | (5,797) | - |
| Provision for year 2000 expenses | (331) | - | (331) | - |
| Diminution in value of investment properties | - | (3,535) | - | - |
| Asset revaluations & property disposals | - | 160 | - | (584) |
| Restructure expenses | (6,881) | (1,405) | (6,644) | (1,361) |
| Sale of securities | 450 | - | 450 | - |
| Net legal settlements | 1,692 | 2,405 | 1,787 | 3,000 |
| Abnormal items before income tax | (10,867) | (2,375) | (10,535) | 1,055 |
| Applicable income tax | 120 | 272 | - | - |
| Abnormal items after income tax | (10,747) | (2,103) | (10,535) | 1,055 |
| 4. Extraordinary Items | | | | |
| Profits | | | | |
| Profit from the sale of businesses | 16,878 | (444) | 14,380 | - |
| Less: Provision, expenses and adjustments | (1,352) | (500) | (552) | - |
| Extraordinary items before income tax | 15,526 | (944) | 13,828 | - |
| Applicable income tax | (515) | 180 | - | - |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|---|------------------------------|------------------------------|---------------------------|---------------------------|
| 5. Receivables | | | | |
| Current | | | | |
| Receivables | 4,679 | 4,512 | 1,042 | 399 |
| Provision for doubtful debts | (348) | (143) | - | - |
| | 4,331 | 4,369 | 1,042 | 399 |
| Interest receivable | 147 | 128 | 114 | 61 |
| Amounts receivable from covenantholders | 1,382 | - | - | - |
| | 5,860 | 4,497 | 1,157 | 460 |
| Non-Current | | | | |
| Receivables | 1,287 | 1,481 | - | - |
| 6. Investments | | | | |
| Current | | | | |
| Non-quoted securities (note 6(c)) | | | | |
| Other bank deposits | - | 750 | - | - |
| Bank bonds | - | 800 | - | - |
| Negotiable certificates of deposit | - | 9,929 | - | - |
| Promissory notes | - | 9,992 | - | - |
| Investment property held for resale | - | 29 | - | - |
| Mortgage securities | - | 19,485 | - | - |
| Net business assets held for resale | - | 17,288 | - | - |
| | - | 58,273 | - | - |
| Non-Current | | | | |
| Quoted securities | | | | |
| Equity investments (note 6(d)) | 16,650 | - | 16,650 | - |
| Non-quoted securities (note 6(c)) | | | | |
| Unlisted unit trusts | - | 150 | - | - |
| Bank deposits | 60 | 60 | - | - |
| Investments in controlled entities | - | - | 28,462 | 32,238 |
| Investments in associated entities (note 6(e)) | 500 | - | 500 | - |
| Shares in other corporations | 16 | 146 | - | - |
| Commonwealth bonds | - | 20 | - | - |
| Mortgage securities | 872 | 301,197 | 872 | 872 |
| Unsecured term loans | - | - | - | 4,780 |
| Equity investment in member funds (note 6(f)) | 9,000 | - | 9,000 | - |
| | 27,098 | 301,573 | 55,484 | 37,890 |
| Total Investments | 27,098 | 359,846 | 55,484 | 37,890 |
| a. Investments in controlled entities comprise: | | | | |
| Investments at valuation | - | - | 28,462 | 32,238 |

b. Included in non-current, non-quoted shares is an investment of \$100 (1998: \$100) in an associated company, Winchcombe Carson Review Pty Ltd. The IOOF Group holds a 50% interest in the ordinary shares of this company, which has been dormant since inception.

c. All non-quoted securities are valued as per the accounting policies described in note 1.

d. The equity investments have been valued at fair value according to AFIC Prudential Standard 6.3.2.g. Valuing the investments at market value at 30 June 1999 would result in an asset balance of \$22,940,000.

e. The Society has a 50% interest in Bendigo Investment Services Ltd, whose principal activity is to provide financial planning services. The company has not traded during the financial year ended 30 June 1999.

f. On 30 June 1999, an amount of \$9 million was invested by the Society as seed capital in the IOOF Supersaver Capital Guaranteed Fund, the IOOF Capital Builder Bond and the IOOF Superannuation Bond. This investment will enable these funds to enhance their investment position. The seed capital may receive earnings not exceeding that of the funds' bonus rates. Under AFIC Prudential Standard 6.6.2.h, seed capital can be repaid to the management fund only if the benefit fund would continue to meet its Benefit Fund Solvency Requirement.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|--|------------------------------|------------------------------|---------------------------|---------------------------|
| 7. Other Assets | | | | |
| Current | | | | |
| Amounts due from related entities | - | - | 2,098 | 1,965 |
| Amounts due from member funds | 1,551 | 3,215 | 1,551 | 3,215 |
| Prepayments | 442 | 487 | 442 | 300 |
| Income tax benefit | 389 | 2,064 | 372 | 1,975 |
| Deferred acquisition costs | 1,572 | 1,617 | 1,212 | 1,520 |
| Inventories | - | 16 | - | - |
| | 3,954 | 7,399 | 5,675 | 8,975 |
| Non-Current | | | | |
| Amounts due from related entities | - | - | 1,941 | - |
| Sundry debtors | - | 115 | - | - |
| Prepayments | - | 7 | - | - |
| Deferred acquisition costs | 2,369 | 3,341 | 1,796 | 3,139 |
| | 2,369 | 3,463 | 3,737 | 3,139 |
| 8. Property, Plant & Equipment | | | | |
| Land and Buildings | | | | |
| Freehold land | | | | |
| At Directors' valuation (1997) | - | 175 | - | - |
| At Directors' valuation (1998) | 950 | 950 | 950 | 950 |
| At Cost | 2,375 | - | 2,375 | - |
| | 3,325 | 1,125 | 3,325 | 950 |
| Buildings | | | | |
| At Directors' valuation (1997) | - | 209 | - | - |
| At Directors' valuation (1998) | 2,415 | 2,415 | 2,415 | 2,415 |
| At Cost | 2,124 | - | 2,124 | - |
| Accumulated depreciation | (107) | (116) | (107) | (48) |
| | 4,432 | 2,508 | 4,432 | 2,367 |
| Plant and Equipment | | | | |
| Cost | 16,567 | 22,925 | 15,376 | 15,453 |
| Accumulated depreciation | (15,264) | (20,528) | (14,163) | (13,631) |
| | 1,303 | 2,397 | 1,213 | 1,822 |
| Total Property, Plant & Equipment | 9,060 | 6,030 | 8,970 | 5,139 |
| 9. Intangibles | | | | |
| Goodwill | - | 13,794 | - | - |
| Accumulated amortisation | - | (13,794) | - | - |
| | - | - | - | - |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|---|------------------------------|------------------------------|---------------------------|---------------------------|
| 10. Borrowings | | | | |
| Current | | | | |
| Secured | | | | |
| Bank overdraft | - | 1,592 | - | - |
| Bank Bill | - | 9,979 | - | - |
| Unsecured | | | | |
| Sundry payables | - | 316 | - | - |
| Interest payable | - | 2,895 | - | - |
| Building Society member deposits | - | 308,721 | - | - |
| | - | 323,503 | - | - |
| Non-Current | | | | |
| Unsecured | | | | |
| Sundry payables | - | 21 | - | - |
| Building Society member deposits | - | 17,413 | - | - |
| | - | 17,434 | - | - |
| 11. Provisions | | | | |
| Current | | | | |
| Provision for annual leave | 1,519 | 1,998 | 1,337 | 1,417 |
| Provision for long service leave | 523 | 94 | 417 | 66 |
| Provision for income tax | 6,924 | 1,200 | - | - |
| Provision for surplus leased space | 407 | 710 | 407 | 710 |
| Provision for restructure costs | 1,097 | - | 1,097 | - |
| Provision for year 2000 costs | 331 | - | 331 | - |
| Other provisions | 138 | 1,211 | - | - |
| | 10,939 | 5,213 | 3,589 | 2,193 |
| Non-Current | | | | |
| Provision for deferred income tax | 1,076 | 7,257 | 115 | - |
| Provision for long service leave | 644 | 1,305 | 624 | 831 |
| Provision for surplus leased space | 483 | 732 | 483 | 732 |
| Provision for Directors' retirement | 198 | 195 | 198 | 181 |
| Other provisions | 1,454 | 457 | 500 | - |
| | 3,855 | 9,946 | 1,920 | 1,744 |
| 12. Other Liabilities | | | | |
| Current | | | | |
| Amounts due to related entities | | | | |
| - Unsecured | - | - | 1,008 | 2,393 |
| Amounts due to other non-related entities | 155 | - | 93 | - |
| | 155 | - | 1,101 | 2,393 |
| Non-Current | | | | |
| Amounts due to related entities | | | | |
| - Unsecured | - | - | 1,029 | 1,029 |
| | - | - | 1,029 | 1,029 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

13. Members' Balances

In accordance with statutory requirements, each member fund is distinct and separate and accordingly, retained profits held in each member fund are not available for distribution to other members in the IOOF Group.

Investments, which are held on behalf of benefit fund members, are brought to account at market value.

During the financial year the Accumulator Fund, the Mortgage Bond Fund, the CBA Queensland Flexible Insurance Fund, and the CBA Queensland Flexible Assurance Fund were merged into existing SuperSaver funds.

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|--|------------------------------|------------------------------|---------------------------|---------------------------|
| 14. Reserves | | | | |
| The movements in reserves during the year have been: | | | | |
| Balance at beginning of financial year | 4,310 | 13,015 | 4,310 | 11,415 |
| Net transfer from/(to) profit and loss account | 2,163 | (8,663) | 2,163 | (7,063) |
| Revaluation of investment in controlled entities | - | - | 11,139 | - |
| Revaluation of non-current assets | 6,563 | - | - | - |
| Transfer from/(to) Members' Funds | (1) | (42) | (1) | (42) |
| Balance at End of Financial Year | 13,035 | 4,310 | 17,611 | 4,310 |
| 15. Auditors' Remuneration | | | | |
| a. Auditing the accounts | | | | |
| i. Group's auditors | 622 | 590 | 365 | 326 |
| ii. Other auditors | 2 | 4 | - | - |
| | 624 | 594 | 365 | 326 |
| b. Other services | | | | |
| i. Group's auditors | 194 | 110 | - | - |
| ii. Other auditors | - | 2 | - | - |
| | 194 | 112 | - | - |
| 16. Taxation | | | | |
| Operating profit/(loss) before abnormal items | 4,088 | 8,227 | 221 | 3,624 |
| a. Prima facie income tax expense/(benefit) calculated at varying rates on operating profit/(loss) | (2,749) | (623) | - | (56) |
| Permanent differences | | | | |
| - Future income tax benefit not previously recognised now brought to account | 369 | 140 | - | - |
| - Exempt income | 14,204 | 12,193 | 14,204 | 11,999 |
| - Non-deductible expenditure | (11,757) | (9,640) | (11,729) | (9,309) |
| - Dividend imputation credits | - | 1 | - | - |
| - Under provision of income tax benefit in prior years | 5,006 | 2,635 | 4,890 | 2,408 |
| - Other | 576 | 608 | 576 | - |
| Income tax benefit attributable to operating profit/(loss) | 5,649 | 5,314 | 7,941 | 5,042 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|---|------------------------------|------------------------------|---------------------------|---------------------------|
| 16. Taxation (continued) | | | | |
| b. Future income tax benefits carried forward comprise: | | | | |
| Timing differences | 343 | 1,033 | - | - |
| | 343 | 1,033 | - | - |
| c. Certain future income tax benefits have not been recognised as an asset: | | | | |
| Attributable to tax losses, the benefits of which are not virtually certain of realisation at 36% | | | | |
| - Capital | - | 43 | - | - |
| Attributable to timing differences, the benefits which are not assured beyond reasonable doubt at 36% | 7,069 | 7,253 | - | - |
| | 7,069 | 7,296 | - | - |

The future income tax benefits will only be realised if:

- the IOOF Group derives assessable income of a nature and of sufficient amount to enable the benefit from the deductions to be realised;
- the IOOF Group continues to comply with the conditions for deductibility imposed by the law; and
- there is no change in legislation which would affect the IOOF Group's ability to realise the benefit.

Future benefits of tax losses and other timing differences have been brought to account where there is virtual certainty as to their recovery.

17. Contingent Liabilities

IOOF Australia Trustees Limited, a controlled entity within the IOOF Group, is a defendant (by counter claim) in a legal action involving the alleged failure of the company to fulfil its obligations under a Trust Deed. The quantum of the claim is unable to be reliably measured at this time. Based on legal advice, the Directors believe that the action will be successfully defended and therefore no losses will be incurred.

The Society has guaranteed the member deposits and accrued bonuses of the IOOF Approved Deposit Fund, IOOF Management Investment Trust and OST Super Bond. No payment to support this capital guarantee has ever been required and none is expected.

The Society, jointly and severally with the IOOF Community Villages Friendly Society Ltd and IOOF Community Villages Ltd, has given a warranty capped at \$3.75 million in relation to the sale of the Cumberland View Retirement Village and Nursing Home, the Riverwood Retirement Village and the Glendale Hostel. This warranty expires on 31 August 2001.

The Society has given a warranty capped at \$3 million in relation to the sale of the IOOF Building Society Ltd. This warranty expires on 30 September 2000.

IOOF Investment Management Ltd, a controlled entity within the IOOF Group, in its capacity as a sponsored holder in the CHESS system, has a guarantee in place with Westpac Bank totaling \$250,000.

IOOF Investment Management Ltd, in its capacity as Responsible Entity of the IOOF Flexi-Trust, is obliged to make and maintain adequate arrangements to ensure that the Trust can comply with the buy-back covenants contained in the Flexi-Trust deed. The company maintains sufficient liquidity in the Trust to meet all buy-back requests that would arise in the normal course of business. The value of unitholders' funds in the Flexi-Trust as at 30 June 1999 totalled \$248,312,660 (1998: \$210,234,710). Sufficient assets exist within the Trust to satisfy the obligation and the Directors are satisfied that no loss will be incurred by the IOOF Group.

The IOOF Group does not have any other contingent liabilities or claims of a material nature which have not already been dealt with in these financial statements.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|--|------------------------------|------------------------------|---------------------------|---------------------------|
| 18. Capital Commitments | | | | |
| Aggregate capital expenditure contracted for at balance date but not provided for in the financial statements: | | | | |
| Payable no later than 1 year | - | - | - | - |
| 19. Other Commitments | | | | |
| a. Non-cancellable operating lease commitments and hire expenditure payable: | | | | |
| - Not later than one year | 2,683 | 3,580 | 2,366 | 2,375 |
| - Later than one year, not later than two years | 2,068 | 2,934 | 1,795 | 1,969 |
| - Later than two years, not later than five years | 1,590 | 4,235 | 790 | 2,216 |
| - Later than five years | 67 | - | - | - |
| | 6,408 | 10,749 | 4,951 | 6,560 |

Included in the above are commitments in relation to surplus leased space which has been expensed during the current financial year (refer Note 2).

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 |
|--|------------------------------|------------------------------|
| 20. Directors' and Executives' Remuneration | | |
| Directors' Remuneration | | |
| The Directors of the Society during the financial year were: | | |
| Mr L A Bytheway | | |
| Mr D E Jury | | |
| Mr M W Parkinson, C.B.E. | | |
| Dr R N Sexton | | |
| Mr R J Turner - Managing Director | | |
| Mr R J Schoer | | |
| Mr M U R Crivelli - Executive Director since 4/5/99 | | |
| Ms M H Kelsall (resigned 20/11/98) | | |
| Dr N L Scheinkestel (appointed 20/11/98) | | |
| | | |
| Directors of the Society (Group Board) as listed above | | |
| Fees paid to Non-Executive Directors in respect of the management of the affairs of the Society. | 331 | 312 |
| Other benefits (superannuation and health insurance) paid to Non-Executive Directors in respect of the management of the affairs of the Society. | 34 | 34 |
| Total remuneration paid to Non-Executive Directors in respect of the management of the affairs of related parties, subsidiaries and committees. | 141 | 108 |
| | 506 | 454 |
| Total remuneration paid to Executive Directors in respect of the management of the affairs of the Society, related parties, subsidiaries and committees. | | |
| - Number of Directors: 2 (for part of the year) | | |
| - 1998 Number of Directors: 1 | 536 | 404 |
| | 1,042 | 858 |
| | | |
| Other Directors (Subsidiary Entities) | | |
| Total remuneration paid to Non-Executive Directors (other than Society Directors) in respect of the management of the affairs of related parties, subsidiaries and committees. | 99 | 95 |
| Total remuneration paid to other Executive Directors in respect of the management of the affairs of related parties, subsidiaries and committees. | 886 | 1,504 |
| | 2,027 | 2,457 |
| Total retirement benefits paid to Non-Executive Directors of the Society, by the Society or by any related party. | 38 | 55 |
| Total retirement benefits paid to Non-Executive Directors of each entity in the economic entity, by the entities in which they are Directors or by any related party. | 95 | 71 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

20. Directors' and Executives' Remuneration (continued)

a. Number of Directors of the Society whose income from the Society or any related party was within the following bands (including salaries of executive Directors):

| | 1999 Number | 1998 Number |
|-------------------------|----------------|----------------|
| \$ 10,000 - \$19,999 | - | 1 |
| \$ 20,000 - \$ 29,999 | 1 | - |
| \$ 30,000 - \$ 39,999 | 1 | - |
| \$ 40,000 - \$ 49,999 | - | 2 |
| \$ 50,000 - \$ 59,999 | 1 | 2 |
| \$ 60,000 - \$ 69,999 | - | 1 |
| \$ 70,000 - \$ 79,999 | 2 | 1 |
| \$ 80,000 - \$ 89,999 | 2 | - |
| \$ 90,000 - \$ 99,999 | - | 1 |
| \$ 110,000 - \$ 119,999 | 1 | - |
| \$ 400,000 - \$ 409,999 | - | 1 |
| \$ 500,000 - \$ 509,999 | 1 | - |
| | 9 | 9 |

Executives' Remuneration

| | IOOF GROUP 1999 \$'000 | SOCIETY 1999 \$'000 |
|---|------------------------------|---------------------------|
| - The aggregate remuneration of executive officers of the Society working mainly in Australia and receiving \$100,000 or more from the Society or from any related party, including termination payments. | | 3,841 |
| - The aggregate remuneration of executive officers of each entity in the Group working mainly in Australia and receiving \$100,000 or more from the entity for which they are executive officers or from any related party, including termination payments. | 5,665 | |

b. Number of executive officers of the Group whose remuneration falls within each successive \$10,000 band of income (commencing at \$100,000):

| | 1999 Number |
|-------------------------|----------------|
| \$ 100,000 - \$ 109,999 | 2 |
| \$ 110,000 - \$ 119,999 | 1 |
| \$ 120,000 - \$ 129,999 | 2 |
| \$ 130,000 - \$ 139,999 | 3 |
| \$ 140,000 - \$ 149,999 | 4 |
| \$ 150,000 - \$ 159,999 | 6 |
| \$ 160,000 - \$ 169,999 | 5 |
| \$ 170,000 - \$ 179,999 | 2 |
| \$ 180,000 - \$ 189,999 | 1 |
| \$ 190,000 - \$ 199,999 | 2 |
| \$ 260,000 - \$ 269,999 | 1 |
| \$ 330,000 - \$ 339,999 | 1 |
| \$ 340,000 - \$ 349,999 | 1 |
| \$ 500,000 - \$ 509,999 | 1 |
| | 32 |

This schedule includes amounts paid as termination benefits to executives.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|--|------------------------------|------------------------------|---------------------------|---------------------------|
| 21. Related Parties | | | | |
| a. Identities of Related Parties Controlled entities are detailed in Note 22. Directors are detailed in Note 20. | | | | |
| b. Wholly Owned Subsidiaries The following related party transactions occurred during the year: | | | | |
| • Payment of management fees on normal terms and conditions. | | | | |
| • Provision of administrative services to and from controlled entities based on cost and/or agreed charges. Services include accounting, secretarial, payroll, taxation, group management, legal, computer, loan management and investment management. | | | | |
| • Provision of office accommodation on normal terms and conditions. | | | | |
| • Reimbursement of expenses and disbursements made on behalf of controlled entities. | | | | |
| • Loan facilities made at market rates. | | | | |
| • Commission paid on normal terms and conditions. | | | | |
| • Sale of mortgages on normal commercial terms and conditions. | | | | |
| c. Other Related Parties Mortgage Loans to Executive Directors of Controlled Entities | | | | |
| Loans in existence at balance date made, guaranteed or secured in the consolidated accounts by entities in the IOOF Group to Directors of the Society or of related entities and their spouses, relatives or relatives of spouses. | - | 627 | - | - |
| Directors, who were all full time executives of entities within the IOOF Group, with loans at the prior year's balance date referred to above were: T Hodges, C Radcliffe There were no related party loans as at 30 June 1999. | | | | |
| Loans in existence at balance date were secured by mortgages over residential property on normal terms, at the normal customer rate of interest. | | | | |
| Loans made during the financial year to Directors (referred to above), secured by mortgages over residential property. | - | 22 | - | - |
| Repayments received during the financial year on loans to Directors (referred to above) within the IOOF Group. | 48 | 61 | - | - |

d. Other transactions entered into during the year with Directors and their Director-related entities

During the financial year, consulting services were provided to the IOOF Group by a Director-related entity. These services were provided in the normal course of business and on commercial terms and conditions. The Director concerned was Dr R N Sexton (1999: \$58,895, 1998: \$nil).

During the year, there were various transactions with Directors which were domestic or trivial in nature (including investment related, Building Society and Health Fund transactions) generally on the same terms and conditions available to other members.

e. IOOF of Victoria Friendly Society Ltd is the ultimate parent entity in the IOOF Group.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | SOCIETY'S EQUITY HOLDING | |
|--|--------------------------|-----------|
| | 1999 % | 1998 % |
| 22. Controlled Entities | | |
| Parent entity IOOF of Victoria Friendly Society Ltd | | |
| Controlled entities | | |
| IOOF Community Villages Ltd | 100 | 100 |
| IOOF Retirement Services Pty Ltd | | |
| - Ordinary shares | 100 | - |
| - Preference shares | - | 100 |
| Winchcombe Carson Financial Planning Pty Ltd | 100 | 100 |
| IOOF BS Holdings Pty Ltd | - | 100 |
| IOOF Building Society Ltd | | |
| - Permanent shares | - | 100 |
| IOOF Investment Management Ltd | | |
| - Ordinary shares | 100 | 100 |
| - Preference shares | 100 | 100 |
| IOOF Funds Management Ltd | 100 | 100 |
| Independent Order of Odd Fellows Pty Ltd | | |
| - Ordinary shares | 100 | 100 |
| - Preference shares | 100 | 100 |
| Security Management Services Pty Ltd | | |
| - Ordinary shares | 100 | 100 |
| - Preference shares | 100 | 100 |
| IOOF Australia Trustees (NSW) Ltd | 100 | 100 |
| Winchcombe Carson Trustee Co (Canberra) Ltd | 100 | 100 |
| IOOF Underwriting Agency Ltd | 50 | 50 |
| IOOF Australia Trustees Ltd | 100 | 100 |
| Bowman Manser & Associates Pty Ltd | 100 | 100 |
| Bowman Manser Financial Planning Pty Ltd | 100 | 100 |
| Bagots Executor & Trustee Company Ltd | 100 | 100 |
| Bagots Nominees Pty Ltd | 100 | 100 |

All companies are incorporated and carry on business in Australia

a. Other controlled entities within the IOOF Group are:

| | SHARE OF OTHER CONTROLLED ENTITIES RESULTS | |
|---|---|-------|
| Name of Entity | 1999 | 1998 |
| IOOF Community Villages Friendly Society | 100.0 | 100.0 |
| Community Benefits Association of Queensland Friendly Society | - | 100.0 |
| IOOF Split Property Trust | 90.9 | 90.9 |

b. During the financial year, IOOF B S Holdings Pty Ltd repaid a loan of \$4,780,000 to the Society.

c. During the financial year, the Society sold all of its shareholding in IOOF B S Holdings Pty Ltd. IOOF B S Holdings Pty Ltd owned 100% of the shares of IOOF Building Society Ltd.

d. Security Management Services Pty Ltd has an interest of 90.9% by value (1998: 90.9%) in the issued units of the IOOF Split Property Trust.

e. During the financial year, the Society subscribed \$3,500,000 to shares issued by IOOF Investment Management Ltd. The purpose of the issue was to allow IOOF Investment Management Ltd to meet its requirements as Single Responsible Entity under the Managed Investments Act.

f. IOOF Underwriting Agency Pty Ltd has been placed into Members' Voluntary Liquidation.

g. IOOF Australia Trustees Ltd holds a direct interest in the issued share capital of Bowman Manser Financial Planning Pty Ltd of 50% (1998:50%). The remaining 50% (1998: 50%) of the company's issued share capital is owned by Bowman Manser and Associates Pty Ltd (itself a controlled entity of IOOF Australia Trustees Ltd), in whose books the shares are recorded at Directors' valuation, based on net assets, of \$38,903 (1998: \$40,000).

h. On 1 July 1998, Community Benefits Association of Queensland Friendly Society was merged with IOOF of Victoria Friendly Society Ltd.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

23. Segment Information

- a. Revenue was derived by the following products and facilities
- Financial Services - management of a range of financial products including single and multi-premium investments, superannuation, approved deposit funds, immediate and deferred annuities and investment trusts. The provision of independent financial planning and investment advisory services, health insurance, and general, life and disability insurance are also provided;
 - Retirement Villages - operation of retirement villages, nursing homes and aged care hostels;
 - Building Society - the provision of savings and housing loan facilities (9 months trading only); and
 - Trustee Group - the provision of trustees, executors, attorneys, agents, investment and other fiduciary services.

- b. The IOOF Group operates in one geographic area, Australia.

| | Financial Services \$,000 | Retirement Villages \$,000 | Building Society \$,000 | Trustee Group \$,000 | IOOF GROUP \$,000 |
|--|------------------------------|-------------------------------|----------------------------|-------------------------|----------------------|
|--|------------------------------|-------------------------------|----------------------------|-------------------------|----------------------|

c. Segment Information - 1999

| Revenue | | | | | |
|-----------------------|--------|--------|--------|-------|--------|
| Management fee income | 34,053 | - | - | - | 34,053 |
| Investment income | 1,898 | 396 | 19,867 | 256 | 22,417 |
| Commission income | 10,112 | - | 68 | 6,282 | 16,462 |
| Property income | 1,169 | 2,757 | 121 | - | 4,047 |
| Other income | 731 | 7,413 | 295 | 429 | 8,868 |
| | 47,963 | 10,566 | 20,351 | 6,967 | 85,847 |

| | | | | | |
|--|----------|-------|-------|-----|---------|
| Segment operating profit/(loss) after abnormal items and before income tax | (11,434) | 2,357 | 1,390 | 908 | (6,779) |
|--|----------|-------|-------|-----|---------|

| | | | | | |
|----------------------|--------|--------|---|--------|---------|
| Segment Total Assets | 71,877 | 23,858 | - | 10,027 | 105,762 |
|----------------------|--------|--------|---|--------|---------|

d. Segment Information - 1998

| Revenue | | | | | |
|-----------------------|--------|--------|--------|-------|--------|
| Management fee income | 31,385 | - | - | - | 31,385 |
| Investment income | 1,553 | 270 | 27,435 | 220 | 29,478 |
| Commission income | 8,435 | - | 150 | 6,154 | 14,739 |
| Property income | 675 | 3,487 | 197 | - | 4,359 |
| Other income | 311 | 7,269 | 526 | 289 | 8,395 |
| | 42,359 | 11,026 | 28,308 | 6,663 | 88,356 |

| | | | | | |
|--|-------|---------|-------|-------|-------|
| Segment operating profit/(loss) after abnormal items and before income tax | 6,296 | (1,818) | 1,733 | (359) | 5,852 |
|--|-------|---------|-------|-------|-------|

| | | | | | |
|----------------------|--------|--------|---------|--------|---------|
| Segment Total Assets | 37,627 | 22,115 | 357,108 | 10,712 | 427,562 |
|----------------------|--------|--------|---------|--------|---------|

Comparative figures have been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|--|------------------------------|------------------------------|---------------------------|---------------------------|
| 24. Notes to the Statement of Cashflows | | | | |
| a. Reconciliation of cash | | | | |
| For the purpose of the statement of cash flows, cash includes cash on hand and in banks, deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows: | | | | |
| Short term liquid assets | - | 19,921 | - | - |
| Bank overdraft | - | (1,592) | - | - |
| Cash | 55,833 | 43,723 | 19,594 | 15,621 |
| | 55,833 | 62,052 | 19,594 | 15,621 |
| b. Reconciliation of net cash provided by operating activities to operating profit after income tax | | | | |
| Operating profit after tax | 14,001 | 10,674 | 11,456 | 9,721 |
| (Profit)/loss on disposal of non-current assets | (174) | 536 | - | - |
| (Profit)/loss on disposal of businesses | (16,878) | - | (14,380) | - |
| Net revaluation of investments | (181) | 175 | - | 744 |
| Net revaluation of non-current assets | - | 3,535 | - | - |
| Depreciation of non-current assets | 1,159 | 1,701 | 691 | 1,002 |
| Amounts written off intangibles | - | 193 | - | - |
| Write off of bad debts | 104 | - | - | - |
| Increase in income tax payable | 7,708 | 1,117 | 1,604 | 1,158 |
| Increase/(decrease) in deferred income tax payable | (6,181) | (401) | 115 | - |
| (Increase)/decrease in future income tax benefit | 796 | 114 | 90 | (90) |
| (Increase)/decrease in income tax benefit | - | 6,279 | - | - |
| Changes in net operating assets and liabilities: | | | | |
| (Increase)/decrease in current receivables | (849) | 460 | (660) | 289 |
| (Increase)/decrease in current inventories | 16 | 69 | - | - |
| (Increase)/decrease in other current assets | (510) | (1,641) | 1,628 | (1,356) |
| (Increase)/decrease in non-current receivables | (70) | (337) | - | - |
| (Increase)/decrease in other non-current assets | 588 | (3,013) | 343 | (2,963) |
| Increase/(decrease) in current accounts payable and borrowings | 706 | 1,163 | (493) | 683 |
| Increase/(decrease) in current provisions | 753 | (1,003) | 1,492 | (686) |
| Increase/(decrease) in other current liabilities | - | (920) | (2,288) | (1,362) |
| Increase/(decrease) in non-current provisions | (49) | (363) | 517 | 66 |
| Increase/(decrease) in other non-current liabilities | (435) | (4,570) | - | (2,430) |
| Net cash provided by operating activities | 504 | 13,768 | 115 | 4,776 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | IOOF GROUP 1999 \$'000 | IOOF GROUP 1998 \$'000 | SOCIETY 1999 \$'000 | SOCIETY 1998 \$'000 |
|--|------------------------------|------------------------------|---------------------------|---------------------------|
| 24. Notes to the Statement of Cashflows (continued) | | | | |
| c. Disposal of Business | | | | |
| During the financial year the Society disposed of IOOF B S Holdings Pty Ltd. | | | | |
| The IOOF Community Villages Friendly Society Ltd disposed of the Cumberland View Nursing Home and IOOF Community Villages Ltd disposed of the Cumberland View Retirement Village, the Riverwood Retirement Village and the Glendale Hostel. | | | | |
| During the previous financial year IOOF Community Villages Friendly Society disposed of the Keperra Sanctuary Retirement Village. The assets of Bowman Manser & Associates Pty Ltd were sold on 27 June 1997 and funds were received during the year ended 30 June 1998. | | | | |
| Details of the disposals are as follows: | | | | |
| Consideration | | | | |
| Cash | 33,906 | 8,550 | 14,864 | - |
| Ordinary shares | 16,650 | - | 16,650 | - |
| | 50,556 | 8,550 | 31,514 | - |
| Book Value of Net Assets Sold | | | | |
| Current Assets | | | | |
| Cash | 39,253 | - | - | - |
| Receivables | 1,019 | - | - | - |
| Non-Current Assets | | | | |
| Investments | 827 | - | 22,281 | - |
| Loans and advances | 335,939 | - | - | - |
| Property, plant & equipment | 53,199 | 28,603 | - | - |
| Other | 27,187 | 3,172 | - | - |
| Current Liabilities | | | | |
| Accounts payable | (4,474) | - | (11) | - |
| Deposits | (337,616) | - | - | - |
| Borrowings | (356) | - | (356) | - |
| Non-Current Liabilities | | | | |
| Borrowings | (19,746) | - | (4,780) | - |
| Residents leases & contracts of sale | (56,381) | - | - | - |
| Other | (5,173) | (22,781) | - | - |
| Net assets disposed | 33,678 | 8,994 | 17,134 | - |
| Profit/(Loss) on disposal | 16,878 | (444) | 14,380 | - |
| | 50,556 | 8,550 | 31,514 | - |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

25. FINANCIAL INSTRUMENTS

a. Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

b. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Society does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the balance sheet, net of any provisions for losses, represents the Society's maximum exposure to credit risk.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | FIXED INTEREST RATE | | | | | TOTAL \$'000 |
|--|----------------------------------|--|-------------------------------|---------------------------|--------------------------------------|-----------------|
| | AVERAGE INTEREST RATE % | VARIABLE INTEREST RATE \$'000 | LESS THAN 1 YEAR \$'000 | 1 TO 5 YEARS \$'000 | NON INTEREST BEARING \$'000 | |
| 25. Financial Instruments (continued) | | | | | | |
| c. Interest Rate Risk | | | | | | |
| The following table details the Group's exposure to interest rate risk as at the reporting date: | | | | | | |
| 1999 | | | | | | |
| Financial Assets | | | | | | |
| Cash | 4.596 | 55,833 | | | | 55,833 |
| Investment income receivable | - | | | | 148 | 148 |
| Receivable from coventanholders | - | | | | 1,382 | 1,382 |
| Other receivables | - | | | | 7,517 | 7,517 |
| Mortgages | 7.936 | | | 382 | 490 | 872 |
| Shares in other corporations | - | | | | 516 | 516 |
| Ordinary shares | - | | | | 16,650 | 16,650 |
| Equity investment in member funds | - | | | | 9,000 | 9,000 |
| Income tax benefit | - | | | | 389 | 389 |
| | | 55,833 | | 382 | 36,092 | 92,307 |
| Financial Liabilities | | | | | | |
| Accounts payable | - | | | | 6,911 | 6,911 |
| Trade creditors | - | | | | 500 | 500 |
| Payable to coventanholders | - | | | | 552 | 552 |
| Income tax payable | - | | | | 6,924 | 6,924 |
| | | | | | 14,887 | 14,887 |
| Net Financial Assets | | 55,833 | | 382 | 21,205 | 77,420 |
| 1998 | | | | | | |
| Financial Assets | | | | | | |
| Cash | 4.480 | 43,723 | | | | 43,723 |
| Investment income receivable | - | | | | 128 | 128 |
| Other receivables | - | | | | 5,993 | 5,993 |
| Certificates of Deposit | 5.090 | | 9,929 | | | 9,929 |
| Promissory notes | 5.000 | | 9,992 | | | 9,992 |
| Mortgage backed securities | 7.120 | 193,887 | 41,374 | 82,605 | 834 | 318,700 |
| Unsecured loans | 14.470 | 2,720 | | | 18 | 2,738 |
| Bank deposits | 5.500 | | 750 | | | 750 |
| Shares | - | | | | 146 | 146 |
| Other investments | 5.438 | | 80 | | 194 | 274 |
| Other assets | - | | | | 3,330 | 3,330 |
| Income tax benefit | - | | | | 2,064 | 2,064 |
| | | 240,330 | 62,125 | 82,605 | 12,707 | 397,767 |
| Financial Liabilities | | | | | | |
| Bank overdraft | 8.250 | 1,592 | | | | 1,592 |
| Accounts payable | - | | | | 9,024 | 9,024 |
| Sundry payables | - | | | | 337 | 337 |
| Income tax payable | - | | | | 1,200 | 1,200 |
| Interest payable | - | | | | 2,895 | 2,895 |
| Deposits | 4.030 | 128,174 | 180,547 | 17,413 | | 326,134 |
| Borrowings | 5.520 | | 9,979 | | | 9,979 |
| | | 129,766 | 190,526 | 17,413 | 13,456 | 351,161 |
| Net Financial Assets | | 110,564 | (128,401) | 65,192 | (749) | 46,606 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

| | 1999 \$'000 | 1998 \$'000 |
|---|------------------|------------------|
| 25. Financial Instruments (continued) | | |
| c. Interest Rate Risk (continued) | | |
| Reconciliation of net financial assets to net assets | | |
| Net financial assets as above | 77,420 | 46,606 |
| Non financial assets and liabilities: | | |
| Inventories | - | 16 |
| Investment and business properties held for resale | - | 17,317 |
| Deferred acquisition costs | 3,940 | 4,958 |
| Prepayments | 442 | 494 |
| Property, plant & equipment | 9,060 | 6,030 |
| Regulatory deposits | 60 | - |
| Income tax benefits | 301 | 1,123 |
| Provision for doubtful debts | (348) | (143) |
| Provision for leave entitlements | (2,685) | (3,397) |
| Provision for surplus leased space | (890) | (1,442) |
| Provision for Directors' retirement | (198) | (195) |
| Other provisions | (3,021) | (1,668) |
| Provision for deferred income tax | (1,076) | (7,257) |
| Net assets per Balance Sheet | 83,005 | 62,442 |
| d. Net Fair Value | | |
| The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements. | | |
| 26. Total Assets under Management and Administration | | |
| In addition to the assets controlled by the IOOF Group as reported in the consolidated financial statements, IOOF Group also manages other assets on behalf of other parties. Total assets under management and administration, after eliminating appropriate inter-entity transactions and balances, are as follows: | | |
| Assets under management per statutory balance sheet (Note 26(a) & (c)) | 1,482,204 | 1,623,227 |
| Unit Trusts & Other Managed Funds (Note 26(b) & (d)) | 341,249 | 353,963 |
| Superannuation Master Fund | 327,947 | 159,318 |
| Estate administration | 70,086 | 78,724 |
| Portfolio management | 155,129 | 107,824 |
| Total assets under management | 2,376,615 | 2,323,056 |
| Corporate Trustees assets under administration | 3,350,200 | 2,724,900 |
| Total Assets under Management and Administration | 5,726,815 | 5,047,956 |

The assets under management and administration detailed above do not include funds under advice relating to the Group's financial planning business.

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(a). BENEFIT FUNDS – ALLOCATED SURPLUS - 1999

| | VALUE OF BENEFIT ENTITLEMENTS 01/07/98 \$'000 | MERGER OF BENEFIT FUNDS \$'000 | LIABILITY COMPONENT OF CONTRIBUTIONS \$'000 | WITHDRAWALS \$'000 | SERVICE FEES, STAMP DUTIES & EXPENSES \$'000 | ALLOCATION OF SURPLUS \$'000 | MEMBER LIABILITY REVALUATION \$'000 | VALUE OF BENEFIT ENTITLEMENTS 30/06/99 \$'000 |
|--|---|---|--|-----------------------|---|------------------------------------|--|---|
| Health Benefits Fund | - | - | - | - | - | - | - | - |
| HEALTH INSURANCE FUND | - | - | - | - | - | - | - | - |
| Supersaver - Capital Guaranteed | 824,433 | 47,488 | 12,843 | (186,446) | (122) | 23,785 | - | 721,981 |
| Supersaver - Fixed Interest Fund | 77,888 | - | 3,363 | (13,476) | (34) | 1,639 | - | 69,380 |
| Supersaver - Australian Equities Fund | 30,176 | - | 20,149 | (4,632) | (25) | 5,207 | - | 50,875 |
| Supersaver - Capital Stable Fund | 38,236 | - | 20,624 | (7,401) | (62) | 1,733 | - | 53,130 |
| Supersaver - Balanced Fund | 90,124 | - | 41,502 | (13,442) | (106) | 6,288 | - | 124,366 |
| Supersaver - Mortgage Fund | 4,950 | - | 4 | (791) | (3) | 121 | - | 4,281 |
| BT Investment Bond | 289,489 | - | 445 | (60,339) | - | 6,583 | - | 236,178 |
| Estate Essentials Bond | 65,918 | - | 8,755 | (3,612) | (111) | 2,739 | - | 73,689 |
| Flexi Portfolio No.2 | - | - | 38 | - | (38) | - | - | - |
| The Capital Builder Bond | 28,417 | - | 1,393 | (4,696) | (5) | 1,065 | - | 26,174 |
| Accumulator Fund | 10,806 | (10,806) | - | - | - | - | - | - |
| Capital Guaranteed Mortgage Bond | 5,641 | (5,641) | - | - | - | - | - | - |
| FLEXIBLE INSURANCE BENEFIT FUNDS | 1,466,078 | 31,041 | 109,116 | (294,835) | (506) | 49,160 | - | 1,360,054 |
| Consolidated Assurance Fund | 1,242 | - | - | (75) | - | - | 160 | 1,327 |
| Combined Assurance Fund | 2,364 | - | - | (145) | - | - | 215 | 2,434 |
| OST Assurance Benefit Fund | 522 | - | - | (27) | - | 104 | (115) | 484 |
| LIFE ASSURANCE BENEFIT FUNDS | 4,128 | - | - | (247) | - | 104 | 260 | 4,245 |
| Deferred Annuity - Capital Guaranteed | 33,155 | - | 532 | (7,850) | (31) | 1,186 | - | 26,992 |
| Deferred Annuity - Managed | 44,830 | - | 5,090 | (7,178) | (121) | 3,262 | - | 45,883 |
| Deferred Annuity - Capital Stable | 12,565 | - | 998 | (2,839) | (52) | 609 | - | 11,281 |
| Deferred Annuity - Cash Management | 2,501 | - | 4,125 | (4,496) | (35) | 73 | - | 2,168 |
| Immediate Annuity Fund | 2,299 | - | - | (680) | - | 49 | - | 1,668 |
| IOOF Term Annuity | 8,338 | - | 110 | (3,054) | - | - | 474 | 5,868 |
| DEFERRED & IMMEDIATE ANNUITY FUNDS | 103,688 | - | 10,855 | (26,097) | (239) | 5,179 | 474 | 93,860 |
| Superannuation Fund | 7,234 | - | 249 | (1,124) | (27) | 240 | - | 6,572 |
| SUPERANNUATION FUNDS | 7,234 | - | 249 | (1,124) | (27) | 240 | - | 6,572 |
| TOTAL FRIENDLY SOCIETY FUNDS | 1,581,128 | 31,041 | 120,220 | (322,303) | (772) | 54,683 | 734 | 1,464,731 |
| CBA Queensland Flexible Insurance Fund | 26,754 | (26,754) | - | - | - | - | - | - |
| CBA Queensland Flexible Assurance Fund | 4,287 | (4,287) | - | - | - | - | - | - |
| FLEXIBLE INSURANCE BENEFIT FUNDS | 31,041 | (31,041) | - | - | - | - | - | - |
| TOTAL MEMBERS' FUNDS | 1,612,169 | - | 120,220 | (322,303) | (772) | 54,683 | 734 | 1,464,731 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(a). BENEFIT FUNDS – PROFIT & LOSS ACCOUNTS - 1999

| | UNALLOCATED SURPLUS 01/07/98 \$'000 | NET INVESTMENT INCOME \$'000 | REVENUE COMPONENT OF CONTRIBUTIONS \$'000 | OTHER INCOME \$'000 | FEES TO MANAGEMENT FUND \$'000 | CLAIMS EXPENSE \$'000 | MEMBER LIABILITY REVALUATION \$'000 | OTHER EXPENSES \$'000 | INCOME TAX EXPENSE \$'000 | SURPLUS ALLOCATED TO MEMBERS \$'000 | TRANSFERS TO/FROM MANAGEMENT FUND \$'000 | UNALLOCATED SURPLUS 30/06/99 \$'000 | MANAGEMENT FUND SEED CAPITAL \$'000 | TOTAL MEMBER FUNDS (BENEFIT ENTITLEMENTS PLUS UNALLOCATED SURPLUS) \$'000 |
|--|--|---------------------------------------|--|---------------------------|---|-----------------------------|--|-----------------------------|---------------------------------|--|--|--|--|--|
| Health Benefits Fund | 1,887 | 276 | 12,138 | - | (1,428) | (9,082) | - | (540) | - | - | - | 3,251 | - | 3,251 |
| HEALTH INSURANCE FUND | 1,887 | 276 | 12,138 | - | (1,428) | (9,082) | - | (540) | - | - | - | 3,251 | - | 3,251 |
| Supersaver - Capital Guaranteed | 5,585 | 42,868 | 70 | - | (11,121) | - | - | (143) | (11,712) | (23,785) | - | 1,762 | 8,425 | 732,168 |
| Supersaver - Fixed Interest Fund | - | 3,792 | 6 | - | (1,124) | - | - | (16) | (1,019) | (1,639) | - | - | - | 69,380 |
| Supersaver - Australian Equities Fund | - | 8,039 | 34 | - | (702) | - | - | (11) | (2,153) | (5,207) | - | - | - | 50,875 |
| Supersaver - Capital Stable Fund | - | 3,333 | 6 | - | (752) | - | - | (11) | (843) | (1,733) | - | - | - | 53,130 |
| Supersaver - Balanced Fund | - | 10,855 | 29 | - | (1,781) | - | - | (26) | (2,789) | (6,288) | - | - | - | 124,366 |
| Supersaver - Mortgage Fund | - | 263 | - | - | (70) | - | - | (1) | (71) | (121) | - | - | - | 4,281 |
| BT Investment Bond | 3,623 | 12,484 | 17 | 421 | (4,069) | - | - | (45) | (3,163) | (6,583) | - | 2,685 | - | 238,863 |
| Estate Essentials Bond | 2 | 3,721 | 3 | - | (971) | - | - | (16) | - | (2,739) | - | - | - | 73,689 |
| Flexi Portfolio No.2 | - | - | 2 | - | (2) | - | - | - | - | - | - | - | - | - |
| The Capital Builder Bond | 42 | 1,456 | 1 | - | (411) | - | - | (7) | (1) | (1,065) | - | 15 | 475 | 26,664 |
| Accumulator Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Guaranteed Mortgage Bond | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FLEXIBLE INSURANCE BENEFIT FUNDS | 9,252 | 86,811 | 168 | 421 | (21,003) | - | - | (276) | (21,751) | (49,160) | - | 4,462 | 8,900 | 1,373,416 |
| Consolidated Assurance Fund | 120 | 64 | - | - | - | - | (160) | (1) | (18) | - | - | 5 | - | 1,332 |
| Combined Assurance Fund | 243 | 125 | - | - | - | - | (212) | (1) | (37) | - | - | 118 | - | 2,552 |
| OST Assurance Benefit Fund | 48 | 26 | - | - | - | - | 96 | - | (8) | (104) | - | 58 | - | 542 |
| LIFE ASSURANCE BENEFIT FUNDS | 411 | 215 | - | - | - | - | (276) | (2) | (63) | (104) | - | 181 | - | 4,426 |
| Deferred Annuity - Capital Guaranteed | 633 | 1,650 | 1 | - | (461) | - | - | (9) | (200) | (1,186) | - | 428 | - | 27,420 |
| Deferred Annuity - Managed | - | 4,306 | 1 | - | (691) | - | - | (13) | (341) | (3,262) | - | - | - | 45,883 |
| Deferred Annuity - Capital Stable | - | 876 | - | - | (185) | - | - | (4) | (78) | (609) | - | - | - | 11,281 |
| Deferred Annuity - Cash Management | - | 125 | - | - | (29) | - | - | (8) | (15) | (73) | - | - | - | 2,168 |
| Immediate Annuity Fund | 186 | 119 | - | - | (32) | - | - | (1) | - | (49) | (72) | 151 | - | 1,819 |
| IOOF Term Annuity | - | - | 1 | - | (1) | - | - | - | - | - | - | - | - | 5,868 |
| DEFERRED & IMMEDIATE ANNUITY FUNDS | 819 | 7,076 | 3 | - | (1,399) | - | - | (35) | (634) | (5,179) | (72) | 579 | - | 94,439 |
| Superannuation Fund | 23 | 369 | 5 | - | (109) | - | - | (3) | (45) | (240) | - | - | 100 | 6,672 |
| SUPERANNUATION FUNDS | 23 | 369 | 5 | - | (109) | - | - | (3) | (45) | (240) | - | - | 100 | 6,672 |
| TOTAL FRIENDLY SOCIETY FUNDS | 12,392 | 94,747 | 12,314 | 421 | (23,939) | (9,082) | (276) | (856) | (22,493) | (54,683) | (72) | 8,473 | 9,000 | 1,482,204 |
| CBA Queensland Flexible Insurance Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| CBA Queensland Flexible Assurance Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FLEXIBLE INSURANCE BENEFIT FUNDS | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL MEMBERS' FUNDS | 12,392 | 94,747 | 12,314 | 421 | (23,939) | (9,082) | (276) | (856) | (22,493) | (54,683) | (72) | 8,473 | 9,000 | 1,482,204 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(a). BENEFIT FUNDS – BALANCE SHEETS - 1999

| | CASH & CASH EQUIVALENTS \$'000 | RECEIVABLES \$'000 | SECURITIES \$'000 | LOANS & ADVANCES \$'000 | OTHER INVESTMENTS \$'000 | OTHER ASSETS \$'000 | TOTAL ASSETS \$'000 | LIABILITIES \$'000 | NET ASSETS \$'000 | MEMBERS' BALANCES \$'000 | UNALLOCATED SURPLUS \$'000 | MANAGEMENT FUND SEED CAPITAL \$'000 | TOTAL MEMBERS' FUNDS \$'000 |
|--|--------------------------------------|-----------------------|----------------------|-------------------------------|--------------------------------|---------------------------|---------------------------|-----------------------|-------------------------|--------------------------------|----------------------------------|--|--------------------------------------|
| Health Benefits Fund | 4,624 | 910 | 1,988 | - | - | 38 | 7,560 | (4,309) | 3,251 | - | 3,251 | - | 3,251 |
| HEALTH INSURANCE FUND | 4,624 | 910 | 1,988 | - | - | 38 | 7,560 | (4,309) | 3,251 | - | 3,251 | - | 3,251 |
| Supersaver - Capital Guaranteed | 15,037 | 3,853 | 690,720 | 30,268 | 247 | 272 | 740,397 | (8,229) | 732,168 | 721,981 | 1,762 | 8,425 | 732,168 |
| Supersaver - Fixed Interest Fund | 7,966 | 555 | 59,055 | 2,743 | (10) | 74 | 70,383 | (1,003) | 69,380 | 69,380 | - | - | 69,380 |
| Supersaver - Australian Equities Fund | 14,634 | 174 | 39,202 | 211 | (41) | - | 54,180 | (3,305) | 50,875 | 50,875 | - | - | 50,875 |
| Supersaver - Capital Stable Fund | 5,944 | 326 | 47,032 | 812 | (14) | - | 54,100 | (970) | 53,130 | 53,130 | - | - | 53,130 |
| Supersaver - Balanced Fund | 8,139 | 852 | 117,842 | 435 | (35) | - | 127,233 | (2,867) | 124,366 | 124,366 | - | - | 124,366 |
| Supersaver - Mortgage Fund | 458 | 11 | 1,983 | 1,888 | 3 | - | 4,343 | (62) | 4,281 | 4,281 | - | - | 4,281 |
| BT Investment Bond | 1,870 | 3,504 | 236,780 | - | - | 115 | 242,269 | (3,406) | 238,863 | 236,178 | 2,685 | - | 238,863 |
| Estate Essentials Bond | 2,799 | 309 | 70,584 | - | 9 | - | 73,701 | (12) | 73,689 | 73,689 | - | - | 73,689 |
| Flexi Portfolio No.2 | 10 | 29 | - | - | - | - | 39 | (39) | - | - | - | - | - |
| The Capital Builder Bond | 1,830 | 103 | 24,762 | - | 3 | - | 26,698 | (34) | 26,664 | 26,174 | 15 | 475 | 26,664 |
| Accumulator Fund | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Guaranteed Mortgage Bond | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FLEXIBLE INSURANCE BENEFIT FUNDS | 58,687 | 9,716 | 1,287,960 | 36,357 | 162 | 461 | 1,393,343 | (19,927) | 1,373,416 | 1,360,054 | 4,462 | 8,900 | 1,373,416 |
| Consolidated Assurance Fund | 1,337 | 7 | - | - | - | - | 1,344 | (12) | 1,332 | 1,327 | 5 | - | 1,332 |
| Combined Assurance Fund | 2,558 | 43 | - | - | - | - | 2,601 | (49) | 2,552 | 2,434 | 118 | - | 2,552 |
| OST Assurance Benefit Fund | 563 | 19 | - | - | - | - | 582 | (40) | 542 | 484 | 58 | - | 542 |
| LIFE ASSURANCE BENEFIT FUNDS | 4,458 | 69 | - | - | - | - | 4,527 | (101) | 4,426 | 4,245 | 181 | - | 4,426 |
| Deferred Annuity - Capital Guaranteed | 2,265 | 171 | 25,179 | - | 4 | 14 | 27,633 | (213) | 27,420 | 26,992 | 428 | - | 27,420 |
| Deferred Annuity - Managed | 2,357 | 305 | 43,656 | - | (13) | 103 | 46,408 | (525) | 45,883 | 45,883 | - | - | 45,883 |
| Deferred Annuity - Capital Stable | 2,580 | 77 | 8,700 | - | (3) | 1 | 11,355 | (74) | 11,281 | 11,281 | - | - | 11,281 |
| Deferred Annuity - Cash Management | 186 | 4 | 2,023 | - | - | - | 2,213 | (45) | 2,168 | 2,168 | - | - | 2,168 |
| Immediate Annuity Fund | 1,061 | 7 | 754 | - | - | - | 1,822 | (3) | 1,819 | 1,668 | 151 | - | 1,819 |
| IOOF Term Annuity | 7 | 3 | - | - | 5,868 | - | 5,878 | (10) | 5,868 | 5,868 | - | - | 5,868 |
| DEFERRED & IMMEDIATE ANNUITY FUNDS | 8,456 | 567 | 80,312 | - | 5,856 | 118 | 95,309 | (870) | 94,439 | 93,860 | 579 | - | 94,439 |
| Superannuation Fund | 857 | 46 | 5,827 | - | 1 | 8 | 6,739 | (67) | 6,672 | 6,572 | - | 100 | 6,672 |
| SUPERANNUATION FUNDS | 857 | 46 | 5,827 | - | 1 | 8 | 6,739 | (67) | 6,672 | 6,572 | - | 100 | 6,672 |
| TOTAL FRIENDLY SOCIETY FUNDS | 77,082 | 11,308 | 1,376,087 | 36,357 | 6,019 | 625 | 1,507,478 | (25,274) | 1,482,204 | 1,464,731 | 8,473 | 9,000 | 1,482,204 |
| CBA Queensland Flexible Insurance Fund | - | - | - | - | - | - | - | - | - | - | - | - | - |
| CBA Queensland Flexible Assurance Fund | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FLEXIBLE INSURANCE BENEFIT FUNDS | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL MEMBERS' FUNDS | 77,082 | 11,308 | 1,376,087 | 36,357 | 6,019 | 625 | 1,507,478 | (25,274) | 1,482,204 | 1,464,731 | 8,473 | 9,000 | 1,482,204 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(b). OTHER MANAGED FUNDS – ALLOCATED SURPLUS - 1999

| | VALUE OF BENEFIT ENTITLEMENTS 01/07/98 \$'000 | LIABILITY COMPONENT OF CONTRIBUTIONS \$'000 | WITHDRAWALS \$'000 | SERVICE FEES STAMP DUTIES & EXPENSES \$'000 | ALLOCATION OF SURPLUS \$'000 | VALUE OF BENEFIT ENTITLEMENTS 30/06/99 \$'000 |
|---|---|--|-----------------------|--|------------------------------------|---|
| IOOF Split Property Trust | 123 | - | - | - | 3 | 126 |
| Management Investment Trust Fund | 1,129 | - | (86) | - | 40 | 1,083 |
| Flexi Trust - Cash & Income Fund | 13,975 | 14,290 | (7,613) | - | - | 20,652 |
| Flexi Trust - Fixed Interest Sub-Fund | 5,699 | 17,225 | (6,090) | (19) | - | 16,815 |
| Flexi Trust - Aust Equities Sub-Fund | 15,720 | 13,915 | (2,806) | (13) | - | 26,816 |
| Flexi Trust - Aust Properties Sub-Fund | 1,670 | 2,665 | (389) | (1) | - | 3,945 |
| Flexi Trust - Mortgage Sub-Fund | 156,310 | 24,632 | (48,741) | (28) | - | 132,173 |
| Flexi Trust - International Sub-Fund | 1,650 | 7,222 | (731) | (5) | - | 8,136 |
| Flexi Trust - Balanced Sub-Fund | 13,550 | 28,293 | (4,461) | (85) | - | 37,297 |
| Wholesale Umbrella Trust Australian Equities | 12,455 | 14,931 | (4,442) | - | - | 22,944 |
| Wholesale Umbrella Trust International Equities | 2,123 | 10,398 | (2,119) | - | - | 10,402 |
| Wholesale Umbrella Trust Fixed Interest | 12,144 | 26,519 | (18,470) | - | - | 20,193 |
| Wholesale Umbrella Trust Property | 3,895 | 4,339 | (1,530) | - | - | 6,704 |
| Wholesale Umbrella Trust Cash & Short Term Securities | 24,424 | 38,847 | (33,417) | - | - | 29,854 |
| Wholesale Umbrella Trust Inflation Indexed | 1,954 | 1,851 | (328) | - | - | 3,477 |
| PST Balanced | 20,068 | 11,174 | (2,344) | - | 2,044 | 30,942 |
| PST Tax Exempt Balanced | 5,977 | 7,532 | (324) | - | 854 | 14,039 |
| PST Capital Stable | 8,164 | 5,949 | (1,262) | - | 577 | 13,428 |
| PST Tax Exempt Capital Stable | 6,630 | 5,217 | (641) | - | 507 | 11,713 |
| PST Australian Equities | 2,667 | 1,136 | (532) | - | 607 | 3,878 |
| PST Tax Exempt Australian Equities | - | 43 | - | - | 1 | 44 |
| PST International Equities | 431 | 726 | (18) | - | 55 | 1,194 |
| PST Tax Exempt International Equities | - | 32 | - | - | - | 32 |
| PST Fixed Interest | 1,593 | 1,007 | (488) | - | 54 | 2,166 |
| PST Tax Exempt Fixed Interest | - | 4 | - | - | - | 4 |
| PST Cash & Short Term | 10,542 | 12,827 | (10,997) | - | 541 | 12,913 |
| PST Tax Exempt Cash & Short Term | 4,587 | 3,808 | (1,448) | - | 289 | 7,236 |
| PST Property | 390 | 821 | (169) | - | (14) | 1,028 |
| PST Tax Exempt Property | - | 17 | - | - | - | 17 |
| Adjustment on Consolidation | (128,671) | (178,521) | 84,172 | - | (5,174) | (228,194) |
| TRUSTS | 199,199 | 76,899 | (65,274) | (151) | 384 | 211,057 |
| Approved Deposit Fund | 45,322 | 14 | (9,416) | - | 1,210 | 37,130 |
| ADF - Managed | 7,210 | 240 | (1,550) | - | 483 | 6,383 |
| APPROVED DEPOSIT FUNDS | 52,532 | 254 | (10,966) | - | 1,693 | 43,513 |
| OST Superannuation | 6,266 | - | (1,384) | - | 210 | 5,092 |
| OST Super - Capital Stable Managed | 497 | - | (43) | - | 31 | 485 |
| SUPERANNUATION FUNDS | 6,763 | - | (1,427) | - | 241 | 5,577 |
| Common Fund No1 | 30,831 | 3,527 | - | - | - | 34,358 |
| Common Fund No2 | 24,975 | - | (6,754) | - | - | 18,221 |
| Common Fund No7 | 4,657 | - | (1,220) | - | - | 3,437 |
| Common Fund No10 | 3,290 | - | (3,290) | - | - | - |
| Common Fund No14 | 26,363 | - | (7,989) | - | - | 18,374 |
| COMMON FUNDS | 90,116 | 3,527 | (19,253) | - | - | 74,390 |
| TOTAL OTHER MANAGED FUNDS (MEMBERS') | 348,610 | 80,680 | (96,920) | (151) | 2,318 | 334,537 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(b). OTHER MANAGED FUNDS – PROFIT & LOSS ACCOUNTS - 1999

| | UNALLOCATED SURPLUS 01/07/98 \$'000 | NET INVESTMENT INCOME \$'000 | REVENUE COMPONENT OF CONTRIBUTIONS \$'000 | OTHER INCOME \$'000 | FEES TO MANAGEMENT FUND \$'000 | OTHER EXPENSES \$'000 | INCOME TAX EXPENSE \$'000 | SURPLUS ALLOCATED TO MEMBERS \$'000 | UNALLOCATED SURPLUS 30/06/99 \$'000 | TOTAL MEMBER FUNDS (BENEFIT ENTITLEMENTS PLUS UNALLOCATED SURPLUS) \$'000 |
|---|--|---------------------------------------|--|---------------------------|---|-----------------------------|---------------------------------|--|--|--|
| IOOF Split Property Trust | - | 6 | - | - | (2) | (1) | - | (3) | - | 126 |
| Management Investment Trust Fund | - | 61 | - | - | (17) | (4) | - | (40) | - | 1,083 |
| Flexi Trust - Cash & Income Fund | - | 988 | - | - | (137) | (29) | - | (822) | - | 20,652 |
| Flexi Trust - Fixed Interest Sub-Fund | 25 | 274 | - | - | (109) | (31) | - | (479) | (320) | 16,495 |
| Flexi Trust - Aust Equities Sub-Fund | 2,134 | 4,094 | - | - | (355) | (42) | - | (2,096) | 3,735 | 30,551 |
| Flexi Trust - Aust Property Sub-Fund | (50) | (12) | - | - | (35) | (6) | - | (120) | (223) | 3,722 |
| Flexi Trust - Mortgage Sub-Fund | (6) | 8,822 | - | - | (1,734) | (316) | - | (6,791) | (25) | 132,148 |
| Flexi Trust - International Sub-Fund | 210 | 453 | - | - | (75) | (13) | - | (445) | 130 | 8,266 |
| Flexi Trust - Balanced Sub-Fund | (651) | 1,876 | - | - | (274) | (33) | - | (1,736) | (818) | 36,479 |
| Wholesale Umbrella Trust Australian Equities | 707 | 3,521 | - | - | (120) | (23) | - | (1,449) | 2,636 | 25,580 |
| Wholesale Umbrella Trust International Equities | 466 | 783 | - | - | (59) | (11) | - | (884) | 295 | 10,697 |
| Wholesale Umbrella Trust Fixed Interest | 48 | 708 | - | - | (78) | (28) | - | (1,093) | (443) | 19,750 |
| Wholesale Umbrella Trust Property | 63 | 92 | - | - | (32) | (7) | - | (390) | (274) | 6,430 |
| Wholesale Umbrella Trust Cash & Short Term Securities | (18) | 1,480 | - | - | (104) | (44) | - | (1,348) | (34) | 29,820 |
| Wholesale Umbrella Trust Inflation Indexed Securities | 63 | 59 | - | - | (11) | (3) | - | (147) | (39) | 3,438 |
| PST Balanced | - | 2,260 | - | 141 | (154) | (19) | (184) | (2,044) | - | 30,942 |
| PST Tax Exempt Balanced | - | 856 | - | 56 | (61) | 3 | - | (854) | - | 14,039 |
| PST Capital Stable | - | 653 | - | 51 | (64) | (9) | (54) | (577) | - | 13,428 |
| PST Tax Exempt Capital Stable | - | 513 | - | 41 | (51) | 4 | - | (507) | - | 11,713 |
| PST Australian Equities | - | 656 | - | 21 | (21) | (2) | (47) | (607) | - | 3,878 |
| PST Tax Exempt Australian Equities | - | 1 | - | - | - | - | - | (1) | - | 44 |
| PST International Equities | - | 63 | - | 6 | (6) | (1) | (7) | (55) | - | 1,194 |
| PST Tax Exempt International Equities | - | - | - | - | - | - | - | - | - | 32 |
| PST Fixed Interest | - | 63 | - | 8 | (8) | (3) | (6) | (54) | - | 2,166 |
| PST Tax Exempt Fixed Interest | - | - | - | - | - | - | - | - | - | 4 |
| PST Cash & Short Term | - | 651 | - | 49 | (49) | (28) | (82) | (541) | - | 12,913 |
| PST Tax Exempt Cash & Short Term | - | 288 | - | 22 | (22) | 1 | - | (289) | - | 7,236 |
| PST Property | - | (20) | - | 4 | (4) | (1) | 7 | 14 | - | 1,028 |
| PST Tax Exempt Property | - | - | - | - | - | - | - | - | - | 17 |
| Adjustment on Consolidation | 5 | (7,506) | - | - | - | - | - | 7,501 | - | (228,194) |
| TRUSTS | 2,996 | 21,683 | - | 399 | (3,582) | (646) | (373) | (15,857) | 4,620 | 215,677 |
| Approved Deposit Fund | - | 2,220 | - | - | (666) | (118) | (226) | (1,210) | - | 37,130 |
| ADF - Managed | - | 630 | - | - | (104) | (6) | (37) | (483) | - | 6,383 |
| APPROVED DEPOSIT FUNDS | - | 2,850 | - | - | (770) | (124) | (263) | (1,693) | - | 43,513 |
| OST Superannuation | - | 316 | 19 | - | (86) | (4) | (35) | (210) | - | 5,092 |
| OST Super - Capital Stable Managed | - | 38 | 5 | - | (8) | (1) | (3) | (31) | - | 485 |
| SUPERANNUATION FUNDS | - | 354 | 24 | - | (94) | (5) | (38) | (241) | - | 5,577 |
| Common Fund No1 | - | 1,639 | - | - | (267) | (32) | - | (1,340) | - | 34,358 |
| Common Fund No2 | - | 1,249 | - | - | (209) | (138) | - | (902) | - | 18,221 |
| Common Fund No7 | 2,357 | 1,285 | - | - | (69) | (50) | - | (1,431) | 2,092 | 5,529 |
| Common Fund No10 | - | 118 | - | - | (26) | (1) | - | (91) | - | - |
| Common Fund No14 | - | 1,192 | - | - | (216) | 96 | - | (1,072) | - | 18,374 |
| COMMON FUNDS | 2,357 | 5,483 | - | - | (787) | (125) | - | (4,836) | 2,092 | 76,482 |
| TOTAL OTHER MANAGED FUNDS (MEMBERS') | 5,353 | 30,370 | 24 | 399 | (5,233) | (900) | (674) | (22,627) | 6,712 | 341,249 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(b). OTHER MANAGED FUNDS - BALANCE SHEETS - 1999

| | CASH & CASH EQUIVALENTS \$'000 | RECEIVABLES \$'000 | SECURITIES \$'000 | LOANS & ADVANCES \$'000 | OTHER ASSETS \$'000 | TOTAL ASSETS \$'000 | LIABILITIES \$'000 | NET ASSETS \$'000 | MEMBERS' BALANCES \$'000 | UNALLOCATED SURPLUS \$'000 | TOTAL MEMBERS' FUNDS \$'000 |
|---|---|-----------------------|----------------------|-------------------------------|---------------------------|---------------------------|-----------------------|-------------------------|--------------------------------|----------------------------------|--------------------------------------|
| IOOF Split Property Trust | 127 | - | - | - | - | 127 | (1) | 126 | 126 | - | 126 |
| Management Investment Trust Fund | 758 | 4 | 322 | - | - | 1,084 | (1) | 1,083 | 1,083 | - | 1,083 |
| Flexi Trust - Cash & Income Fund | 591 | 68 | 20,410 | - | - | 21,069 | (417) | 20,652 | 20,652 | - | 20,652 |
| Flexi Trust - Fixed Interest Sub-Fund | 3,879 | 195 | 12,510 | - | - | 16,584 | (89) | 16,495 | 16,815 | (320) | 16,495 |
| Flexi Trust - Aust Equities Sub-Fund | 1,309 | 85 | 31,140 | - | - | 32,534 | (1,983) | 30,551 | 26,816 | 3,735 | 30,551 |
| Flexi Trust - Aust Properties Sub-Fund | 60 | 44 | 3,702 | - | - | 3,806 | (84) | 3,722 | 3,945 | (223) | 3,722 |
| Flexi Trust - Mortgage Sub-Fund | 3,742 | 184 | 47,533 | 81,405 | - | 132,864 | (716) | 132,148 | 132,173 | (25) | 132,148 |
| Flexi Trust - International Sub-Fund | 215 | 239 | 8,270 | - | - | 8,724 | (458) | 8,266 | 8,136 | 130 | 8,266 |
| Flexi Trust - Balanced Sub-Fund | 1,645 | 1,369 | 34,845 | - | - | 37,859 | (1,380) | 36,479 | 37,297 | (818) | 36,479 |
| Wholesale Umbrella Trust Australian Equities | 1,137 | 77 | 25,644 | - | - | 26,858 | (1,278) | 25,580 | 22,944 | 2,636 | 25,580 |
| Wholesale Umbrella Trust International Equities | 251 | 318 | 11,012 | - | - | 11,581 | (884) | 10,697 | 10,402 | 295 | 10,697 |
| Wholesale Umbrella Trust Fixed Interest | 2,858 | 255 | 17,077 | - | - | 20,190 | (440) | 19,750 | 20,193 | (443) | 19,750 |
| Wholesale Umbrella Trust Property | 110 | 76 | 6,503 | - | - | 6,689 | (259) | 6,430 | 6,704 | (274) | 6,430 |
| Wholesale Umbrella Trust Cash & Short Term Securities | 819 | 36 | 29,629 | - | - | 30,484 | (664) | 29,820 | 29,854 | (34) | 29,820 |
| Wholesale Umbrella Trust Inflation Indexed | 193 | 16 | 3,299 | - | - | 3,508 | (70) | 3,438 | 3,477 | (39) | 3,438 |
| PST Balanced | 301 | 1,345 | 29,312 | - | 26 | 30,984 | (42) | 30,942 | 30,942 | - | 30,942 |
| PST Tax Exempt Balanced | 35 | 613 | 13,405 | - | - | 14,053 | (14) | 14,039 | 14,039 | - | 14,039 |
| PST Capital Stable | 33 | 389 | 13,012 | - | 34 | 13,468 | (40) | 13,428 | 13,428 | - | 13,428 |
| PST Tax Exempt Capital Stable | 33 | 351 | 11,348 | - | - | 11,732 | (19) | 11,713 | 11,713 | - | 11,713 |
| PST Australian Equities | 1 | 192 | 3,736 | - | - | 3,929 | (51) | 3,878 | 3,878 | - | 3,878 |
| PST Tax Exempt Australian Equities | 1 | 2 | 41 | - | - | 44 | - | 44 | 44 | - | 44 |
| PST International Equities | 1 | 91 | 1,099 | - | 12 | 1,203 | (9) | 1,194 | 1,194 | - | 1,194 |
| PST Tax Exempt International Equities | 1 | 2 | 29 | - | - | 32 | - | 32 | 32 | - | 32 |
| PST Fixed Interest | 1 | 47 | 2,116 | - | 12 | 2,176 | (10) | 2,166 | 2,166 | - | 2,166 |
| PST Tax Exempt Fixed Interest | 1 | - | 3 | - | - | 4 | - | 4 | 4 | - | 4 |
| PST Cash & Short Term | - | 279 | 12,673 | - | 9 | 12,961 | (48) | 12,913 | 12,913 | - | 12,913 |
| PST Tax Exempt Cash & Short Term | 1 | 165 | 7,072 | - | - | 7,238 | (2) | 7,236 | 7,236 | - | 7,236 |
| PST Property | 16 | 38 | 969 | - | 18 | 1,041 | (13) | 1,028 | 1,028 | - | 1,028 |
| PST Tax Exempt Property | 1 | 1 | 15 | - | - | 17 | - | 17 | 17 | - | 17 |
| Adjustment on Consolidation | - | (4,889) | (228,194) | - | - | (233,083) | 4,889 | (228,194) | (228,194) | - | (228,194) |
| TRUSTS | 18,120 | 1,592 | 118,532 | 81,405 | 111 | 219,760 | (4,083) | 215,677 | 211,057 | 4,620 | 215,677 |
| Approved Deposit Fund | 1,690 | 417 | 35,274 | - | 3 | 37,384 | (254) | 37,130 | 37,130 | - | 37,130 |
| ADF - Managed | 1,121 | 53 | 5,272 | - | - | 6,446 | (63) | 6,383 | 6,383 | - | 6,383 |
| APPROVED DEPOSIT FUNDS | 2,811 | 470 | 40,546 | - | 3 | 43,830 | (317) | 43,513 | 43,513 | - | 43,513 |
| OST Superannuation | 932 | 37 | 4,167 | - | 6 | 5,142 | (50) | 5,092 | 5,092 | - | 5,092 |
| OST Super - Capital Stable Managed | 76 | 2 | 414 | - | - | 492 | (7) | 485 | 485 | - | 485 |
| SUPERANNUATION FUNDS | 1,008 | 39 | 4,581 | - | 6 | 5,634 | (57) | 5,577 | 5,577 | - | 5,577 |
| Common Fund No1 | 91 | 212 | 34,387 | - | - | 34,690 | (332) | 34,358 | 34,358 | - | 34,358 |
| Common Fund No2 | 146 | 128 | 18,155 | - | - | 18,429 | (208) | 18,221 | 18,221 | - | 18,221 |
| Common Fund No7 | 372 | - | 6,498 | - | - | 6,870 | (1,341) | 5,529 | 3,437 | 2,092 | 5,529 |
| Common Fund No10 | - | - | - | - | - | - | - | - | - | - | - |
| Common Fund No14 | 620 | 89 | 17,919 | - | - | 18,628 | (254) | 18,374 | 18,374 | - | 18,374 |
| COMMON FUNDS | 1,229 | 429 | 76,959 | - | - | 78,617 | (2,135) | 76,482 | 74,390 | 2,092 | 76,482 |
| TOTAL OTHER MANAGED FUNDS (MEMBERS') | 23,168 | 2,530 | 240,618 | 81,405 | 120 | 347,841 | (6,592) | 341,249 | 334,537 | 6,712 | 341,249 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(c). BENEFIT FUNDS – ALLOCATED SURPLUS 1998

| | VALUE OF BENEFIT ENTITLEMENTS 01/07/97 \$'000 | MERGERS OF BENEFIT FUNDS \$'000 | LIABILITY COMPONENT OF CONTRIBUTIONS \$'000 | WITHDRAWALS \$'000 | SERVICE FEES, STAMP DUTIES & EXPENSES \$'000 | ALLOCATION OF SURPLUS \$'000 | VALUE OF BENEFIT ENTITLEMENTS 30/06/98 \$'000 |
|--|---|--|--|-----------------------|---|------------------------------------|---|
| Health Benefits Fund | - | - | - | - | - | - | - |
| HEALTH INSURANCE FUND | - | - | - | - | - | - | - |
| Supersaver - Capital Guaranteed | 733,059 | 225,485 | 26,164 | (186,322) | (51) | 26,098 | 824,433 |
| OST Switching Fund | 38,375 | (38,375) | - | - | - | - | - |
| BT Investment Bond | 332,052 | - | 477 | (52,301) | - | 9,261 | 289,489 |
| Sandhurst Trustees Bond | 3,997 | (3,997) | - | - | - | - | - |
| Estate Essentials Bond | 56,961 | - | 10,575 | (3,714) | (64) | 2,160 | 65,918 |
| Accumulator Fund | 35,895 | - | - | (25,089) | - | - | 10,806 |
| IOOF Capital Guaranteed Bond | 221,488 | (221,488) | - | - | - | - | - |
| Capital Guaranteed Mortgage Bond | 26,593 | - | - | (20,952) | - | - | 5,641 |
| Supersaver - Fixed Interest Fund | 45,902 | 38,375 | 6,272 | (15,293) | (39) | 2,671 | 77,888 |
| Supersaver - Australian Equities Fund | 15,169 | - | 16,568 | (2,648) | (8) | 1,095 | 30,176 |
| Supersaver - Capital Stable Fund | 15,399 | - | 23,911 | (2,121) | (31) | 1,078 | 38,236 |
| Supersaver - Balanced Fund | 63,417 | - | 29,793 | (7,038) | (70) | 4,022 | 90,124 |
| Supersaver - Mortgage Fund | 5,326 | - | 2 | (507) | (6) | 135 | 4,950 |
| Flexi Portfolio No.2 | - | - | - | - | - | - | - |
| The Capital Builder Bond | 20,868 | - | 9,454 | (2,892) | (2) | 989 | 28,417 |
| FLEXIBLE INSURANCE BENEFIT FUNDS | 1,614,501 | - | 123,216 | (318,877) | (271) | 47,509 | 1,466,078 |
| Consolidated Assurance Fund | 1,362 | - | 2 | (122) | - | - | 1,242 |
| Combined Assurance Fund | 2,555 | - | 3 | (194) | - | - | 2,364 |
| OST Assurance Benefit Fund | 553 | - | 1 | (32) | - | - | 522 |
| LIFE ASSURANCE BENEFIT FUNDS | 4,470 | - | 6 | (348) | - | - | 4,128 |
| Deferred Annuity - Capital Guaranteed | 40,417 | - | 7,040 | (15,693) | (66) | 1,457 | 33,155 |
| Deferred Annuity - Managed | 45,835 | - | 6,229 | (10,222) | (181) | 3,169 | 44,830 |
| Deferred Annuity - Capital Stable | 12,692 | - | 2,620 | (3,409) | (77) | 739 | 12,565 |
| Deferred Annuity - Guaranteed Fixed Rate | 10,401 | - | - | (10,607) | - | 206 | - |
| Deferred Annuity - Cash Management | 3,522 | - | 13,138 | (14,108) | (128) | 77 | 2,501 |
| Immediate Annuity Fund | 3,157 | - | - | (974) | - | 19 | 2,202 |
| IOOF Term Annuity | 7,936 | - | 1,306 | (2,170) | - | - | 7,072 |
| DEFERRED & IMMEDIATE ANNUITY FUNDS | 123,960 | - | 30,333 | (57,183) | (452) | 5,667 | 102,325 |
| Superannuation Fund | 8,299 | - | 322 | (1,611) | (35) | 259 | 7,234 |
| SUPERANNUATION FUNDS | 8,299 | - | 322 | (1,611) | (35) | 259 | 7,234 |
| TOTAL FRIENDLY SOCIETY FUNDS | 1,751,230 | - | 153,877 | (378,019) | (758) | 53,435 | 1,579,765 |
| CBA Queensland Flexible Insurance Fund | 32,112 | - | 17 | (6,369) | - | 994 | 26,754 |
| CBA Queensland Flexible Assurance Fund | 4,627 | - | 2 | (493) | - | 151 | 4,287 |
| FLEXIBLE INSURANCE BENEFIT FUNDS | 36,739 | - | 19 | (6,862) | - | 1,145 | 31,041 |
| TOTAL MEMBERS' FUNDS | 1,787,969 | - | 153,896 | (384,881) | (758) | 54,580 | 1,610,806 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(c). BENEFIT FUNDS – PROFIT & LOSS ACCOUNTS 1998

| | UNALLOCATED SURPLUS 01/07/97 \$'000 | NET INVESTMENT INCOME \$'000 | REVENUE COMPONENT OF CONTRIBUTIONS \$'000 | OTHER INCOME \$'000 | FEES TO MANAGEMENT FUND \$'000 | CLAIMS EXPENSE \$'000 | OTHER EXPENSES \$'000 | INCOME TAX EXPENSE \$'000 | SURPLUS ALLOCATED TO MEMBERS \$'000 | TRANSFERS TO/FROM MANAGEMENT FUND \$'000 | UNALLOCATED SURPLUS 30/06/98 \$'000 | TOTAL MEMBER FUNDS (BENEFIT) ENTITLEMENTS PLUS ALLOCATED SURPLUS) \$'000 |
|--|--|---------------------------------------|--|---------------------------|---|-----------------------------|-----------------------------|---------------------------------|--|--|--|---|
| Health Benefits Fund | 1,043 | 236 | 11,660 | - | (854) | (9,763) | (435) | - | - | - | 1,887 | 1,887 |
| HEALTH INSURANCE FUND | 1,043 | 236 | 11,660 | - | (854) | (9,763) | (435) | - | - | - | 1,887 | 1,887 |
| Supersaver - Capital Guaranteed | 10,137 | 47,831 | 83 | - | (13,728) | - | (203) | (13,000) | (26,098) | - | 5,022 | 829,455 |
| OST Switching Fund | - | - | - | - | - | - | - | - | - | - | - | - |
| BT Investment Bond | 3,380 | 18,742 | 18 | - | (4,828) | - | (44) | (4,384) | (9,261) | - | 3,623 | 293,112 |
| Sandhurst Trustees Bond | - | - | - | - | - | - | - | - | - | - | - | - |
| Estate Essentials Bond | 2 | 3,104 | 12 | - | (933) | - | (23) | - | (2,160) | - | 2 | 65,920 |
| Accumulator Fund | (2,515) | 1,180 | - | 22 | (335) | - | (36) | (742) | - | 2,604 | 178 | 10,984 |
| IOOF Capital Guaranteed Bond | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Guaranteed Mortgage Bond | (3,551) | 1,024 | - | (3) | (219) | - | (20) | (317) | - | 3,278 | 192 | 5,833 |
| Supersaver - Fixed Interest Fund | - | 5,476 | 2 | 1 | (1,222) | - | (19) | (1,567) | (2,671) | - | - | 77,888 |
| Supersaver - Australian Equities Fund | - | 1,756 | 7 | - | (342) | - | (7) | (319) | (1,095) | - | - | 30,176 |
| Supersaver - Capital Stable Fund | - | 1,968 | 2 | - | (375) | - | (12) | (505) | (1,078) | - | - | 38,236 |
| Supersaver - Balanced Fund | - | 6,842 | 16 | - | (1,179) | - | (20) | (1,637) | (4,022) | - | - | 90,124 |
| Supersaver - Mortgage Fund | - | 294 | - | - | (77) | - | (1) | (81) | (135) | - | - | 4,950 |
| Flexi Portfolio No.2 | - | - | 6 | - | (6) | - | - | - | - | - | - | - |
| The Capital Builder Bond | 145 | 1,271 | 9 | - | (375) | - | (15) | (4) | (989) | - | 42 | 28,459 |
| FLEXIBLE INSURANCE BENEFIT FUNDS | 7,598 | 89,488 | 155 | 20 | (23,619) | - | (400) | (22,556) | (47,509) | 5,882 | 9,059 | 1,475,137 |
| Consolidated Assurance Fund | 71 | 71 | - | - | - | - | - | (22) | - | - | 120 | 1,362 |
| Combined Assurance Fund | 148 | 136 | - | - | - | - | (1) | (40) | - | - | 243 | 2,607 |
| OST Assurance Benefit Fund | 27 | 30 | - | - | - | - | - | (9) | - | - | 48 | 570 |
| LIFE ASSURANCE BENEFIT FUNDS | 246 | 237 | - | - | - | - | (1) | (71) | - | - | 411 | 4,539 |
| Deferred Annuity - Capital Guaranteed | 1,049 | 1,792 | - | - | (568) | - | (19) | (164) | (1,457) | - | 633 | 33,788 |
| Deferred Annuity - Managed | - | 4,150 | 1 | - | (684) | - | (19) | (279) | (3,169) | - | - | 44,830 |
| Deferred Annuity - Capital Stable | - | 1,027 | 1 | - | (188) | - | (9) | (92) | (739) | - | - | 12,565 |
| Deferred Annuity - Guaranteed Fixed Rate | - | 506 | - | - | (229) | - | (7) | (64) | (206) | - | - | - |
| Deferred Annuity - Cash Management | - | 162 | - | - | (36) | - | (32) | (17) | (77) | - | - | 2,501 |
| Immediate Annuity Fund | 326 | 167 | - | - | (46) | - | - | - | (19) | (145) | 283 | 2,485 |
| IOOF Term Annuity | (22) | 1 | 6 | - | (6) | - | (47) | - | - | - | (68) | 7,004 |
| DEFERRED & IMMEDIATE ANNUITY FUNDS | 1,353 | 7,805 | 8 | - | (1,757) | - | (133) | (616) | (5,667) | (145) | 848 | 103,173 |
| Superannuation Fund | 58 | 389 | 12 | - | (128) | - | (3) | (46) | (259) | - | 23 | 7,257 |
| SUPERANNUATION FUNDS | 58 | 389 | 12 | - | (128) | - | (3) | (46) | (259) | - | 23 | 7,257 |
| TOTAL FRIENDLY SOCIETY FUNDS | 10,298 | 98,155 | 11,835 | 20 | (26,358) | (9,763) | (972) | (23,289) | (53,435) | 5,737 | 12,228 | 1,591,993 |
| CBA Queensland Flexible Insurance Fund | 335 | 1,606 | 1 | - | (448) | - | (9) | (324) | (994) | - | 167 | 26,921 |
| CBA Queensland Flexible Assurance Fund | 48 | 253 | - | - | (68) | - | (2) | (54) | (151) | - | 26 | 4,313 |
| FLEXIBLE INSURANCE BENEFIT FUNDS | 383 | 1,859 | 1 | - | (516) | - | (11) | (378) | (1,145) | - | 193 | 31,234 |
| TOTAL MEMBERS' FUNDS | 10,681 | 100,014 | 11,836 | 20 | (26,874) | (9,763) | (983) | (23,667) | (54,580) | 5,737 | 12,421 | 1,623,227 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(c). BENEFIT FUNDS - BALANCE SHEETS 1998

| | CASH & CASH EQUIVALENTS \$'000 | RECEIVABLES \$'000 | SECURITIES \$'000 | LOANS & ADVANCES \$'000 | OTHER INVESTMENTS \$'000 | OTHER ASSETS \$'000 | TOTAL ASSETS \$'000 | LIABILITIES \$'000 | NET ASSETS \$'000 | MEMBERS' BALANCES \$'000 | UNALLOCATED SURPLUS \$'000 | TOTAL MEMBERS' FUNDS \$'000 |
|--|---|-----------------------|----------------------|-------------------------------|--------------------------------|---------------------------|---------------------------|-----------------------|-------------------------|--------------------------------|----------------------------------|--------------------------------------|
| Health Benefits Fund | 1,313 | 1,073 | 3,966 | - | - | - | 6,352 | (4,465) | 1,887 | - | 1,887 | 1,887 |
| HEALTH INSURANCE FUND | 1,313 | 1,073 | 3,966 | - | - | - | 6,352 | (4,465) | 1,887 | - | 1,887 | 1,887 |
| Supersaver - Capital Guaranteed | 252,892 | 3,442 | 595,432 | 30,774 | 895 | 274 | 883,709 | (54,254) | 829,455 | 824,433 | 5,022 | 829,455 |
| OST Switching Fund | - | - | - | - | - | - | - | - | - | - | - | - |
| BT Investment Bond | 902 | 3,670 | 294,420 | - | - | - | 298,992 | (5,880) | 293,112 | 289,489 | 3,623 | 293,112 |
| Sandhurst Trustees Bond | - | - | - | - | - | - | - | - | - | - | - | - |
| Estate Essentials Bond | 7,279 | 172 | 58,568 | - | (4) | - | 66,015 | (95) | 65,920 | 65,918 | 2 | 65,920 |
| Accumulator Fund | 10,873 | 52 | - | 280 | - | - | 11,205 | (221) | 10,984 | 10,806 | 178 | 10,984 |
| IOOF Capital Guaranteed Bond | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Guaranteed Mortgage Bond | 6,082 | 28 | - | 23 | - | - | 6,133 | (300) | 5,833 | 5,641 | 192 | 5,833 |
| Supersaver - Fixed Interest Fund | 1,903 | 535 | 73,866 | 3,010 | - | - | 79,314 | (1,426) | 77,888 | 77,888 | - | 77,888 |
| Supersaver - Australian Equities Fund | 7,558 | 128 | 23,528 | 408 | 63 | - | 31,685 | (1,509) | 30,176 | 30,176 | - | 30,176 |
| Supersaver - Capital Stable Fund | 1,738 | 173 | 36,408 | 879 | 22 | - | 39,220 | (984) | 38,236 | 38,236 | - | 38,236 |
| Supersaver - Balanced Fund | 4,538 | 482 | 88,167 | 575 | 59 | - | 93,821 | (3,697) | 90,124 | 90,124 | - | 90,124 |
| Supersaver - Mortgage Fund | 2,234 | 12 | 500 | 2,266 | - | 3 | 5,015 | (65) | 4,950 | 4,950 | - | 4,950 |
| Flexi Portfolio No.2 | 3 | 16 | - | - | - | - | 19 | (19) | - | - | - | - |
| The Capital Builder Bond | 12,806 | 2,224 | 13,530 | 14 | - | - | 28,574 | (115) | 28,459 | 28,417 | 42 | 28,459 |
| FLEXIBLE INSURANCE BENEFIT FUNDS | 308,808 | 10,934 | 1,184,419 | 38,229 | 1,035 | 277 | 1,543,702 | (68,565) | 1,475,137 | 1,466,078 | 9,059 | 1,475,137 |
| Consolidated Assurance Fund | 1,442 | 5 | - | - | - | - | 1,447 | (85) | 1,362 | 1,242 | 120 | 1,362 |
| Combined Assurance Fund | 2,800 | 11 | - | - | - | - | 2,811 | (204) | 2,607 | 2,364 | 243 | 2,607 |
| OST Assurance Benefit Fund | 611 | 3 | - | - | - | - | 614 | (44) | 570 | 522 | 48 | 570 |
| LIFE ASSURANCE BENEFIT FUNDS | 4,853 | 19 | - | - | - | - | 4,872 | (333) | 4,539 | 4,128 | 411 | 4,539 |
| Deferred Annuity - Capital Guaranteed | 1,502 | 157 | 33,801 | - | (8) | 119 | 35,571 | (1,783) | 33,788 | 33,155 | 633 | 33,788 |
| Deferred Annuity - Managed | 2,860 | 236 | 42,447 | - | 20 | 186 | 45,749 | (919) | 44,830 | 44,830 | - | 44,830 |
| Deferred Annuity - Capital Stable | 869 | 56 | 11,817 | - | 4 | - | 12,746 | (182) | 12,564 | 12,565 | - | 12,565 |
| Deferred Annuity - Guaranteed Fixed Rate | 541 | 2 | - | - | - | - | 543 | (543) | - | - | - | - |
| Deferred Annuity - Cash Management | 465 | 9 | 2,182 | - | - | 1 | 2,657 | (156) | 2,501 | 2,501 | - | 2,501 |
| Immediate Annuity Fund | 369 | 19 | 2,103 | - | 1 | - | 2,492 | (6) | 2,486 | 2,202 | 283 | 2,485 |
| IOOF Term Annuity | 75 | - | 7,049 | - | - | - | 7,124 | (120) | 7,004 | 7,072 | (68) | 7,004 |
| DEFERRED & IMMEDIATE ANNUITY FUNDS | 6,681 | 479 | 99,399 | - | 17 | 306 | 106,882 | (3,709) | 103,173 | 102,325 | 848 | 103,173 |
| Superannuation Fund | 3,940 | 434 | 2,973 | - | - | 2 | 7,349 | (92) | 7,257 | 7,234 | 23 | 7,257 |
| SUPERANNUATION FUNDS | 3,940 | 434 | 2,973 | - | - | 2 | 7,349 | (92) | 7,257 | 7,234 | 23 | 7,257 |
| TOTAL FRIENDLY SOCIETY FUNDS | 325,595 | 12,939 | 1,290,757 | 38,229 | 1,052 | 585 | 1,669,157 | (77,164) | 1,591,993 | 1,579,765 | 12,228 | 1,591,993 |
| CBA Queensland Flexible Insurance Fund | 26,818 | 43 | - | 140 | - | - | 27,001 | (80) | 26,921 | 26,754 | 167 | 26,921 |
| CBA Queensland Flexible Assurance Fund | 4,298 | 9 | - | 17 | - | - | 4,324 | (11) | 4,313 | 4,287 | 26 | 4,313 |
| FLEXIBLE INSURANCE BENEFIT FUNDS | 31,116 | 52 | - | 157 | - | - | 31,325 | (91) | 31,234 | 31,041 | 193 | 31,234 |
| TOTAL MEMBERS' FUNDS | 356,711 | 12,991 | 1,290,757 | 38,386 | 1,052 | 585 | 1,700,482 | (77,255) | 1,623,227 | 1,610,806 | 12,421 | 1,623,227 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(d). OTHER MANAGED FUNDS – ALLOCATED SURPLUS 1998

| | VALUE OF BENEFIT ENTITLEMENTS 01/07/97 \$'000 | LIABILITY COMPONENT OF CONTRIBUTIONS \$'000 | WITHDRAWALS \$'000 | SERVICE FEES, STAMP DUTIES & EXPENSES \$'000 | ALLOCATION OF SURPLUS \$'000 | VALUE OF BENEFIT ENTITLEMENTS 30/06/98 \$'000 |
|---|---|--|-----------------------|---|------------------------------------|---|
| IOOF Split Property Trust | 121 | - | - | - | 2 | 123 |
| Management Investment Trust Fund | 1,275 | - | (208) | - | 62 | 1,129 |
| Flexi Trust - Cash & Income Fund | - | 15,055 | (1,080) | - | - | 13,975 |
| Flexi Trust - Fixed Interest Sub-Fund | 1,907 | 4,431 | (621) | (18) | - | 5,699 |
| Flexi Trust - Aust Equities Sub-Fund | 11,843 | 6,727 | (2,824) | (26) | - | 15,720 |
| Flexi Trust - Aust Properties Sub-Fund | 166 | 1,704 | (200) | - | - | 1,670 |
| Flexi Trust - Mortgage Sub-Fund | 144,220 | 53,719 | (41,573) | (56) | - | 156,310 |
| Flexi Trust - International Sub-Fund | 646 | 2,404 | (1,397) | (3) | - | 1,650 |
| Flexi Trust - Balanced Sub-Fund | 1,779 | 13,326 | (1,548) | (7) | - | 13,550 |
| Wholesale Umbrella Trust Australian Equities | 5,554 | 10,602 | (3,701) | - | - | 12,455 |
| Wholesale Umbrella Trust International Equities | 3,003 | 4,928 | (5,808) | - | - | 2,123 |
| Wholesale Umbrella Trust Fixed Interest | 5,368 | 11,002 | (4,226) | - | - | 12,144 |
| Wholesale Umbrella Trust Property | 1,387 | 3,788 | (1,280) | - | - | 3,895 |
| Wholesale Umbrella Trust Cash & Short Term Securities | 9,772 | 29,634 | (14,982) | - | - | 24,424 |
| Wholesale Umbrella Trust Inflation Indexed | 201 | 2,391 | (638) | - | - | 1,954 |
| PST Balanced | 15,435 | 6,225 | (3,448) | - | 1,856 | 20,068 |
| PST Tax Exempt Balanced | 1,325 | 4,390 | (79) | - | 341 | 5,977 |
| PST Capital Stable | 3,231 | 5,106 | (547) | - | 374 | 8,164 |
| PST Tax Exempt Capital Stable | 1,862 | 4,646 | (191) | - | 313 | 6,630 |
| PST Australian Equities | 1,460 | 1,169 | (62) | - | 100 | 2,667 |
| PST International Equities | 181 | 165 | (8) | - | 93 | 431 |
| PST Fixed Interest | 482 | 1,070 | (43) | - | 84 | 1,593 |
| PST Cash & Short Term | 2,532 | 12,896 | (5,125) | - | 239 | 10,542 |
| PST Tax Exempt Cash & Short Term | 2,067 | 3,666 | (1,298) | - | 152 | 4,587 |
| PST Property | 66 | 347 | (29) | - | 6 | 390 |
| Adjustment on Consolidation | (44,316) | (124,730) | 41,640 | - | (1,265) | (128,671) |
| TRUSTS | 171,567 | 74,661 | (49,276) | (110) | 2,357 | 199,199 |
| Approved Deposit Fund | 60,629 | 58 | (16,724) | - | 1,359 | 45,322 |
| ADF - Managed | 8,162 | 228 | (1,598) | - | 418 | 7,210 |
| APPROVED DEPOSIT FUNDS | 68,791 | 286 | (18,322) | - | 1,777 | 52,532 |
| OST Superannuation | 7,373 | - | (1,349) | - | 242 | 6,266 |
| OST Super - Capital Stable Managed | 506 | - | (64) | - | 55 | 497 |
| SUPERANNUATION FUNDS | 7,879 | - | (1,413) | - | 297 | 6,763 |
| Common Fund No1 | 28,003 | 2,828 | - | - | - | 30,831 |
| Common Fund No2 | 40,528 | - | (15,553) | - | - | 24,975 |
| Common Fund No7 | 5,835 | - | (1,178) | - | - | 4,657 |
| Common Fund No10 | 3,185 | 105 | - | - | - | 3,290 |
| Common Fund No14 | 41,059 | - | (14,696) | - | - | 26,363 |
| COMMON FUNDS | 118,610 | 2,933 | (31,427) | - | - | 90,116 |
| TOTAL OTHER MANAGED FUNDS (MEMBERS') | 366,847 | 77,880 | (100,438) | (110) | 4,431 | 348,610 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(d). OTHER MANAGED FUNDS – PROFIT & LOSS ACCOUNTS 1998

| | UNALLOCATED SURPLUS 01/07/97 \$'000 | NET INVESTMENT INCOME \$'000 | REVENUE COMPONENT OF CONTRIBUTIONS \$'000 | OTHER INCOME \$'000 | FEES TO MANAGEMENT FUND \$'000 | OTHER EXPENSES \$'000 | INCOME TAX EXPENSE \$'000 | SURPLUS ALLOCATED TO MEMBERS \$'000 | UNALLOCATED SURPLUS 30/06/98 \$'000 | TOTAL MEMBER FUNDS (BENEFIT ENTITLEMENTS PLUS UNALLOCATED SURPLUS) \$'000 |
|---|--|---------------------------------------|--|---------------------------|---|-----------------------------|---------------------------------|--|--|--|
| IOOF Split Property Trust | - | 6 | - | - | (2) | (2) | - | (2) | - | 123 |
| Management Investment Trust Fund | - | 84 | - | - | (18) | (4) | - | (62) | - | 1,129 |
| Flexi Trust - Cash & Income Fund | - | 241 | - | - | (9) | (4) | - | (228) | - | 13,975 |
| Flexi Trust - Fixed Interest Sub-Fund | 31 | 308 | - | - | (32) | (9) | - | (273) | 25 | 5,724 |
| Flexi Trust - Aust Equities Sub-Fund | 3,667 | 779 | - | - | (264) | (34) | - | (2,014) | 2,134 | 17,854 |
| Flexi Trust - Aust Property Sub-Fund | 12 | 13 | - | - | (13) | (2) | - | (60) | (50) | 1,620 |
| Flexi Trust - Mortgage Sub-Fund | (6) | 10,119 | - | - | (1,918) | (402) | - | (7,799) | (6) | 156,304 |
| Flexi Trust - International Sub-Fund | 65 | 626 | - | - | (26) | (5) | - | (450) | 210 | 1,860 |
| Flexi Trust - Balanced Sub-Fund | 164 | 709 | - | - | (19) | (12) | - | (1,493) | (651) | 12,899 |
| Wholesale Umbrella Trust Australian Equities | 1,182 | 463 | - | - | (71) | (20) | - | (847) | 707 | 13,162 |
| Wholesale Umbrella Trust International Equities | 506 | 1,647 | - | - | (35) | (10) | - | (1,642) | 466 | 2,589 |
| Wholesale Umbrella Trust Fixed Interest | 85 | 802 | - | - | (32) | (17) | - | (790) | 48 | 12,192 |
| Wholesale Umbrella Trust Property | 200 | 229 | - | - | (21) | (8) | - | (337) | 63 | 3,958 |
| Wholesale Umbrella Trust Cash & Short Term Securities | 16 | 824 | - | - | (61) | (35) | - | (762) | (18) | 24,406 |
| Wholesale Umbrella Trust Inflation Indexed Securities | 6 | 117 | - | - | (4) | (2) | - | (54) | 63 | 2,017 |
| PST Balanced | - | 2,033 | - | 101 | (105) | (21) | (152) | (1,856) | - | 20,068 |
| PST Tax Exempt Balanced | - | 342 | - | 19 | (20) | - | - | (341) | - | 5,977 |
| PST Capital Stable | - | 426 | - | 26 | (35) | (9) | (34) | (374) | - | 8,164 |
| PST Tax Exempt Capital Stable | - | 317 | - | 20 | (24) | - | - | (313) | - | 6,630 |
| PST Australian Equities | - | 76 | - | 12 | (12) | (2) | 26 | (100) | - | 2,667 |
| PST International Equities | - | 107 | - | 2 | (2) | (1) | (13) | (93) | - | 431 |
| PST Fixed Interest | - | 99 | - | 4 | (4) | (2) | (13) | (84) | - | 1,593 |
| PST Cash & Short Term | - | 286 | - | 23 | (22) | (22) | (26) | (239) | - | 10,542 |
| PST Tax Exempt Cash & Short Term | - | 150 | - | 12 | (10) | - | - | (152) | - | 4,587 |
| PST Property | - | 8 | - | 1 | (1) | (1) | (1) | (6) | - | 390 |
| Adjustment on Consolidation | - | (5,530) | - | - | - | - | - | 5,535 | 5 | (128,666) |
| TRUSTS | 5,928 | 15,281 | - | 220 | (2,760) | (624) | (213) | (14,836) | 2,996 | 202,195 |
| Approved Deposit Fund | - | 2,631 | - | - | (831) | (179) | (262) | (1,359) | - | 45,322 |
| ADF - Managed | - | 560 | - | - | (116) | (9) | (17) | (418) | - | 7,210 |
| APPROVED DEPOSIT FUNDS | - | 3,191 | - | - | (947) | (188) | (279) | (1,777) | - | 52,532 |
| OST Superannuation | - | 338 | 16 | - | (64) | (5) | (43) | (242) | - | 6,266 |
| OST Super - Capital Stable Managed | - | 42 | 25 | - | (8) | (1) | (3) | (55) | - | 497 |
| SUPERANNUATION FUNDS | - | 380 | 41 | - | (72) | (6) | (46) | (297) | - | 6,763 |
| Common Fund No1 | - | 1,392 | - | - | (271) | (30) | - | (1,091) | - | 30,831 |
| Common Fund No2 | - | 1,877 | - | - | (314) | (240) | - | (1,323) | - | 24,975 |
| Common Fund No7 | 3,925 | 361 | - | - | (85) | (1,013) | - | (831) | 2,357 | 7,014 |
| Common Fund No10 | - | 147 | - | - | (33) | (16) | - | (98) | - | 3,290 |
| Common Fund No14 | - | 2,254 | - | - | (335) | (324) | - | (1,595) | - | 26,363 |
| COMMON FUNDS | 3,925 | 6,031 | - | - | (1,038) | (1,623) | - | (4,938) | 2,357 | 92,473 |
| TOTAL OTHER MANAGED FUNDS (MEMBERS') | 9,853 | 24,883 | 41 | 220 | (4,817) | (2,441) | (538) | (21,848) | 5,353 | 353,963 |

Notes to and forming part of the Accounts for the Financial Year ended 30 June 1999 (continued)

26(d). OTHER MANAGED FUNDS – BALANCE SHEETS 1998

| | CASH & CASH EQUIVALENTS \$'000 | RECEIVABLES \$'000 | SECURITIES \$'000 | LOANS & ADVANCES \$'000 | OTHER ASSETS \$'000 | TOTAL ASSETS \$'000 | LIABILITIES \$'000 | NET ASSETS \$'000 | MEMBERS' BALANCES \$'000 | UNALLOCATED SURPLUS \$'000 | TOTAL MEMBERS' FUNDS \$'000 |
|---|---|-----------------------|----------------------|-------------------------------|---------------------------|---------------------------|-----------------------|-------------------------|--------------------------------|----------------------------------|--------------------------------------|
| IOOF Split Property Trust | 124 | - | - | - | - | 124 | (1) | 123 | 123 | - | 123 |
| Management Investment Trust Fund | 651 | 4 | 476 | - | - | 1,131 | (2) | 1,129 | 1,129 | - | 1,129 |
| Flexi Trust - Cash & Income Fund | 446 | 84 | 13,630 | - | - | 14,160 | (185) | 13,975 | 13,975 | - | 13,975 |
| Flexi Trust - Fixed Interest Sub-Fund | 1,495 | 71 | 4,274 | - | - | 5,840 | (116) | 5,724 | 5,699 | 25 | 5,724 |
| Flexi Trust - Aust Equities Sub-Fund | 212 | 240 | 19,137 | - | - | 19,589 | (1,735) | 17,854 | 15,720 | 2,134 | 17,854 |
| Flexi Trust - Aust Properties Sub-Fund | 83 | 20 | 1,618 | - | - | 1,721 | (101) | 1,620 | 1,670 | (50) | 1,620 |
| Flexi Trust - Mortgage Sub-Fund | 10,605 | 284 | 51,121 | 95,134 | - | 157,144 | (840) | 156,304 | 156,310 | (6) | 156,304 |
| Flexi Trust - International Sub-Fund | 78 | 157 | 2,071 | - | - | 2,306 | (446) | 1,860 | 1,650 | 210 | 1,860 |
| Flexi Trust - Balanced Sub-Fund | 3,085 | 838 | 10,270 | - | - | 14,193 | (1,294) | 12,899 | 13,550 | (651) | 12,899 |
| Wholesale Umbrella Trust Australian Equities | 334 | 170 | 13,381 | - | - | 13,885 | (723) | 13,162 | 12,455 | 707 | 13,162 |
| Wholesale Umbrella Trust International Equities | 143 | 289 | 3,803 | - | - | 4,235 | (1,646) | 2,589 | 2,123 | 466 | 2,589 |
| Wholesale Umbrella Trust Fixed Interest | 2,751 | 161 | 9,777 | - | - | 12,689 | (497) | 12,192 | 12,144 | 48 | 12,192 |
| Wholesale Umbrella Trust Property | 157 | 51 | 4,071 | - | - | 4,279 | (321) | 3,958 | 3,895 | 63 | 3,958 |
| Wholesale Umbrella Trust Cash & Short Term Securities | 2,419 | 70 | 22,395 | - | - | 24,884 | (478) | 24,406 | 24,424 | (18) | 24,406 |
| Wholesale Umbrella Trust Inflation Indexed | 134 | 9 | 1,925 | - | - | 2,068 | (51) | 2,017 | 1,954 | 63 | 2,017 |
| PST Balanced | - | 1,791 | 18,532 | - | 103 | 20,426 | (358) | 20,068 | 20,068 | - | 20,068 |
| PST Tax Exempt Balanced | 1 | 531 | 5,449 | - | - | 5,981 | (4) | 5,977 | 5,977 | - | 5,977 |
| PST Capital Stable | 1 | 318 | 7,875 | - | 29 | 8,223 | (59) | 8,164 | 8,164 | - | 8,164 |
| PST Tax Exempt Capital Stable | 1 | 263 | 6,372 | - | - | 6,636 | (6) | 6,630 | 6,630 | - | 6,630 |
| PST Australian Equities | 7 | 128 | 2,536 | - | - | 2,671 | (4) | 2,667 | 2,667 | - | 2,667 |
| PST International Equities | - | 173 | 271 | - | 8 | 452 | (21) | 431 | 431 | - | 431 |
| PST Fixed Interest | - | 62 | 1,539 | - | 4 | 1,605 | (12) | 1,593 | 1,593 | - | 1,593 |
| PST Cash & Short Term | 1 | 196 | 10,364 | - | 14 | 10,575 | (33) | 10,542 | 10,542 | - | 10,542 |
| PST Tax Exempt Cash & Short Term | 1 | 85 | 4,514 | - | - | 4,600 | (13) | 4,587 | 4,587 | - | 4,587 |
| PST Property | - | 26 | 366 | - | 4 | 396 | (6) | 390 | 390 | - | 390 |
| Adjustment on Consolidation | - | (4,521) | (128,666) | - | - | (133,187) | 4,521 | (128,666) | (128,671) | 5 | (128,666) |
| TRUSTS | 22,729 | 1,500 | 87,101 | 95,134 | 162 | 206,626 | (4,431) | 202,195 | 199,199 | 2,996 | 202,195 |
| Approved Deposit Fund | 1,686 | 169 | 43,567 | - | - | 45,422 | (100) | 45,322 | 45,322 | - | 45,322 |
| ADF - Managed | 844 | 65 | 6,454 | - | - | 7,363 | (153) | 7,210 | 7,210 | - | 7,210 |
| APPROVED DEPOSIT FUNDS | 2,530 | 234 | 50,021 | - | - | 52,785 | (253) | 52,532 | 52,532 | - | 52,532 |
| OST Superannuation | 1,323 | 24 | 4,961 | - | - | 6,308 | (42) | 6,266 | 6,266 | - | 6,266 |
| OST Super - Capital Stable Managed | 191 | 2 | 314 | - | - | 507 | (10) | 497 | 497 | - | 497 |
| SUPERANNUATION FUNDS | 1,514 | 26 | 5,275 | - | - | 6,815 | (52) | 6,763 | 6,763 | - | 6,763 |
| Common Fund No1 | 1,206 | 99 | 29,762 | - | - | 31,067 | (236) | 30,831 | 30,831 | - | 30,831 |
| Common Fund No2 | 601 | 114 | 24,541 | - | - | 25,256 | (281) | 24,975 | 24,975 | - | 24,975 |
| Common Fund No7 | 1,590 | 12 | 6,130 | - | - | 7,732 | (718) | 7,014 | 4,657 | 2,357 | 7,014 |
| Common Fund No10 | 702 | 10 | 2,600 | - | - | 3,312 | (22) | 3,290 | 3,290 | - | 3,290 |
| Common Fund No14 | 1,649 | 179 | 24,874 | - | - | 26,702 | (339) | 26,363 | 26,363 | - | 26,363 |
| COMMON FUNDS | 5,748 | 414 | 87,907 | - | - | 94,069 | (1,596) | 92,473 | 90,116 | 2,357 | 92,473 |
| TOTAL OTHER MANAGED FUNDS (MEMBERS') | 32,521 | 2,174 | 230,304 | 95,134 | 162 | 360,295 | (6,332) | 353,963 | 348,610 | 5,353 | 353,963 |

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